



Daily Report

East Asia

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Japan

Summit To Be 'Canceled' if Cabinet Resigns

OW2701151794 Tokyo KYODO in English 1504 GMT
27 Jan 94

[Text] Tokyo, Jan. 27 KYODO—The government is not yet considering changing the date of the meeting between Prime Minister Morihiro Hosokawa and U.S. President Bill Clinton slated for February 11, a top Finance Ministry official said Thursday [27 January]. But the official also said if the cabinet resigns en masse following possible failure to enact political reform bills in the Diet, "the summit meeting will be canceled."

"Depending on the timing and manner of resignation, the schedule (for the meeting) will be altered," the official said.

Hosokawa, who staked his job on enacting the bills before the current Diet session ends on Saturday, could come under political pressure to resign or call an election if the government's bills are abandoned, political analysts said.

Academic Group Criticizes U.S. Trade Policy

OW2701100494 Tokyo KYODO in English 0949 GMT
27 Jan 94

[Text] Tokyo, Jan. 27 KYODO—A group of academics on Thursday [27 January] criticized U.S. trade policy as hindering free market mechanisms in its demand for the setting of numerical targets.

The government should not bow to a U.S. request for setting "objective criteria" as a way to gauge the openness of Japan's markets, Kazuo Ueda, a professor of economics at the University of Tokyo, told a press conference.

The United States should retract such a request and Japan should reject it and express a strong determination to protect the free trading system as "a public good of the world," Ueda said. The move came against increasing U.S. demands for Tokyo to take action to break the stalled trade "framework" talks.

Ueda's group prepared a report in which they oppose what they view as the U.S. policy of managed trade. Ueda said allowing the bilateral framework talks to fail would be a better alternative for Japan than making "an easy compromise" under U.S. threats such as trade sanctions.

Motoshige Itoh said the blame should be put more on the Japanese Government for "erroneously" accepting a 20 percent foreign market share target in its chip trade talks with the U.S. "That was very dangerous for free trade," said Itoh, who is also a professor of economics at the University of Tokyo.

Ueda said it was "strategically" a mistake for Japan to have accepted "sets of objective criteria, either qualitative or quantitative or both" in the July 1993 summit between then Prime Minister Kiichi Miyazawa and U.S. President Bill Clinton.

Ueda said the position paper, prepared last week, has already been distributed to about 170 Japanese scholars nationwide, of which 154 supported it and one opposed it. The paper will be sent to U.S. President Bill Clinton as well as the U.S. Trade Representative (USTR) and the Treasury Department, he said.

Japan's agreement to numerical trade targets would not serve its interest in any case, the paper said. If the step results in an import rise in one trade area, the U.S. may seek a similar request in other sectors, escalating government-led managed trade practices in order to meet the new demands, the paper said.

In the event of failure to meet a pledged goal, a probable result would be punitive measures by the U.S., the paper said.

To improve foreign access to Japanese markets, the paper proposed removing various government controls that hamper competition, such as restrictive business deals and unnecessary administrative rules and permits. Strict enforcement of the Antimonopoly Law, along with an easing of these regulations, would help reduce the prices gap between Japan and abroad, eventually serving the interest of Japan and foreign countries, it said.

U.S. 'War' Looms in International Phone Service

OW2701121594 Tokyo KYODO in English 0931 GMT
27 Jan 94

[By Kohei Murayama]

[Text] Tokyo, Jan. 27 KYODO—Japanese and U.S. international telephone operators are on the verge of waging a war that could escalate into an intergovernmental dispute. Japan's three common carriers submitted a petition Thursday [27 January] to the Ministry of Posts and Telecommunications requesting an investigation into discount services offered in Japan by U.S. firms.

Meanwhile, three Japanese agents of the U.S. firms told KYODO NEWS SERVICE that they have agreed to file a complaint with the office of the U.S. Trade Representative (USTR) if restrictions are placed on their services.

For the Japanese Government, the bickering comes at a crucial time as U.S. negotiators are threatening possible sanctions if the ongoing framework trade talks fail to reach an agreement before President Bill Clinton and Prime Minister Morihiro Hosokawa hold their summit in Washington on February 11.

"We are confident that we will not have to take such actions," said Toshio Kawakami, president of USF

Pacific Inc., stressing that its discount services are legal both domestically and internationally.

"But if the ministry decides to restrict our services, we will have to explain to our parent U.S. firms preparing to file a complaint," he said.

The Tokyo agent to New York-based US Fibercom Network Inc. began operations in October with a call-back service offering up to 40 percent lower rates than the three Japanese carriers.

The two other agents are International Network Services Inc. for USA Global Link in Iowa, and Telecom System Co. for International Telephone Co. in New York.

The Japanese carriers, led by KDD, a former international telecommunications monopoly, said in a joint statement that the call-back system "unfairly uses their lines free of charge and causes trouble to their customers by making lines busy."

The two other Japanese carriers are International Digital Communications Inc. and International Telecom Japan Inc.

In the past two years, U.S. discount services entered Japan with the call-back system. The user calls a switching center in the United States and hangs up after two rings. After a few seconds, the center calls back and the user dials the number he wishes to call, thereby making the U.S. the country of origin.

Back in the U.S., the operators lease lines from major carriers like American Telephone and Telegraph Co. under discount contracts for large-lot users in order to offer cheap international telephone rates to individuals and companies.

Under a written agreement, the three agents are to "continue offering the call-back service with an aim to further spread the advanced U.S. telecommunications service in Japan."

"We will agree to hold friendly talks" with the three Japanese firms and the ministry, "but are prepared to ask for help, while explaining the situation in Japan to the USTR, the U.S. Embassy in Tokyo and other U.S. Government institutions that support our call-back service," Kawakami said.

Kawakami stressed that the service brings benefits of the yen's appreciation and deregulations to Japanese companies now actively streamlining amid the prolonged economic slump.

"This is one of the key policies" of the government of Prime Minister Morihiro Hosokawa, and the services "also help Japan in reducing its current-account surplus with the United States," he said.

But the share is still very small at less than 1 percent of the 250 billion yen market in Japan, Kawakami said.

A KDD spokesman described the service as "abnormal," stressing that the lines are used free of charge.

Kawakami said the three agents have also sent a joint notice to the ministry and the Japanese companies indicating they are prepared to pay if reasonable rates are presented.

"We haven't received such notice yet, but will in any case seek restrictions on the services," the spokesman said.

Ministry officials had said the discount services are no problem under the existing telecommunications licensing system, and the ministry has no control over rates provided by overseas switching facilities.

In fact, the ministry issued permission to the three firms.

Telecommunications licenses are divided into two main types—one for common carriers, obliging them to submit rates for ministry approval, and one allowing the free fixing of rates for those providing service without possessing domestic switching machines and lines.

But the officials had hinted at problems concerning 'civil laws'.

NTT Denies Reported Plans To Unite With AT&T

*OW2701012994 Tokyo KYODO in English 0048 GMT
27 Jan 94*

[Text] Tokyo, Jan. 27 KYODO—Nippon Telegraph and Telephone Corp. (NTT) on Thursday [27 January] denied a newspaper report that it is planning to tie up with American Telephone and Telegraph Co. (AT and T) and Apple Computer Inc. in the fields of multimedia communications and miniature personal computers with telecommunications functions.

"No talks are under way between NTT and the two U.S. companies on the reported tie-up plans," said a spokesman for the domestic telecommunications giant.

NTT announced Wednesday it will acquire a stake in General Magic Inc., a California-based multimedia software development house, in a move to develop multimedia technology.

Among main investors in General Magic, which was founded in May 1990, are American Telephone and Telegraph Co., (AT and T), Apple Computer Inc., Matsushita Electric Industrial Co. and Sony Corp.

The NIHON KEIZAI SHIMBUN, a major business daily, reported in a front-page article Thursday that NTT is considering teaming up directly with AT and T and Apple.

NTT and AT and T are expected to set up a joint venture to launch multimedia communications services in Japan that is likely to offer advanced electronic mail services

similar to those to be supplied by AT and T in the United States from this summer, the daily said.

In order to commercialize new businesses involving advanced telecom services and miniature personal computers with telecom functions in Japan, NTT thinks it essential to introduce techniques for software development from leading U.S. firms, according to the newspaper.

In the area of miniature personal computers, a subsidiary called NTT Mobile Communications Network Inc. (NTT Docomo) is planning to link up with Apple on interface technology linking such gadgets with pocket pagers, the daily said.

NTT Docomo will develop modem cards with paging functions to incorporate them in Apple's Newton miniature personal computers with telecom functions, it said.

EU Said Monitoring U.S.-Tokyo Trade Progress

*PM2701142094 London THE EUROPEAN in English
28 Jan-3 Feb 94 p 17*

[Ian Verchere: "Japan Talks to U.S. But Keeps Europe At Bay"]

[Text] Tokyo—The success of US trade representative Mickey Kantor in forcing Japan to open its \$20 billion-a-year public construction market to foreign corporations has been hailed as a major success for the Clinton administration's get-tough trade policy.

However, it has once again served to highlight Europe's comparative impotence in dealing with Tokyo on matters of trade. In a concerted bid to break into Japan's obdurate business culture, Washington has threatened Japan with trade sanctions if it fails to reform the bidding process by which it has historically excluded foreign contractors.

In an eleventh-hour move last week, the government of Prime Minister Morihiro Hosokawa announced a plan to increase the openness and fairness of its construction market. The concession comes on the eve of further US-Japan bilateral trade negotiations next month at which Washington will press Japan to open its markets to American cars and components and provide greater access for its semiconductor manufacturers.

Progress on these and other trade-related matters are being closely monitored by the European Union [EU], which faces similar problems in its relations with Japan.

Despite the illusion of unity created by a single market, however, the interests of the Union's 12 member states are still far too diverse and uncoordinated for any comparable moves by Brussels. Playing governments off against each other is an old Japanese sport to which there is really only one solution: total European union. The difficulty in achieving a more unified stance is that while

some countries seek protection from Japanese imports, others are eager to attract Japanese investment.

Yet Washington's problems of greater market access and a huge trade imbalance with Japan are no less real for the economies of the European Union. This has seen the Union's trade deficit increase from \$18.5 billion in 1990 to \$31.2 billion in 1992 which, despite a small improvement in 1993, is equivalent to 3.2 per cent of Japan's economic output. Indeed, a feeling persists among many Union manufacturers that Japan still tends to favour US exporters to the detriment of Europe.

"If Airbus Industrie has achieved a 30 per cent share of the world civil aircraft market," asks Bernhard Salzer, chairman of the European Parliament's trade delegation to Japan, "why is the corresponding share in Japan only ten per cent? And why has Rolls-Royce sold no aircraft engines in Japan since 1970?"

Japan is a master at denying foreign firms access to its local markets. The techniques employed in targeting the economies of so-called trading partners while simultaneously protecting their own have varied from the unwritten "administrative guidelines" issued by the much-vaunted Ministry of International Trade and Industry (MITI), to the spoiling tactics of an overzealous customs service.

Every embassy in Tokyo has its own favourite tales of the ruses employed by Japan and its compliant bureaucracy at denying foreign companies the right of entry to the world's second largest economy. Through the pretence of language difficulties, cultural misunderstandings and the invisible hand of government officials dedicated to keeping foreign companies out, Japan has long enjoyed the dual benefits of a protected domestic economy coupled with easy access to most foreign ones.

Through its mission in Tokyo, the European Commission battles for reforms and the removal of these obstacles which, says the Union's chief trade negotiator Sir Leon Brittan, "are simply unacceptable in an open trading system".

The most frequent complaint of European companies is the over-dependence of Japanese companies and government agencies on traditional suppliers—usually Japanese—and the refusal to explore the possibility of working with new ones. Others point to the long list of excluded sectors and exemptions contained in the country's anti-monopoly law and to its over-burdensome regulations.

Prior to Kantor's recent successes, these have been particularly marked in the area of public procurement. According to the Commission, there are specific procedural obstacles for foreign companies—most notably the system of prequalification and the demands for very high guarantees—which effectively exclude foreign companies.

As the pressure on Japan to adopt more liberal trading practices has mounted down the years, its exclusion techniques have become more sophisticated and obtuse. The major hotels of downtown Tokyo have grown rich on the steady stream of foreign businessmen and government delegations attending this or that trade conference seeking ways of penetrating Japan's invisible trade barriers.

Creating joint committees and working groups to investigate trade and protectionist grievances is a stalling tactic well known to anyone acquainted with the intractable problems of doing business with Japan. While the world is now a little wiser to these ploys, it is remarkable how many gaijins (foreigners) succumb to the charms of Japanese hospitality and still come away believing they have wrung concessions from their hosts.

"It can be depressing to look at the past," notes the EC's chief trade negotiator. "Over the past 15 years, Japan has pushed through a total of 13 economic packages to stimulate growth and reduce the trade imbalance. And yet the surplus has barely diminished. In 1992, it represented 3.2 per cent of Japanese gross domestic product (GDP) and was over 3.5 per cent of GDP in early 1993."

As Europe's trade deficit with Japan hit a new high of \$35 billion in 1990, the Union demanded that Tokyo take immediate steps to reduce this lopsided situation by opening its markets to European exporters and removing the barriers that frustrate commerce. The outcome of subsequent EC-Japan talks in July 1991 was another classic piece of highminded diplomatic rhetoric backed by little substance which, say critics, will probably achieve very little.

After more than two years of "co-operation and partnership", the reality is still a yawning chasm in trade volumes as Japanese ships dump huge quantities of manufactured goods at European ports and return home with Plimsoll lines well above sea level.

Taking inter-dependence to its logical conclusion, insists Brittan, the 20 million unemployed in Europe are as much Japan's problems as they are Europe's.

As Japan's economic fortunes wane and recession bites deeper, however, there are signs of greater understanding and humility from the Tokyo side. Once quick to dismiss trade difficulties as more about the inability of foreign firms to understand Japanese markets and meet the high standards of the Japanese consumer, the beleaguered Hosokawa government has already shown a greater willingness to address some of these longstanding grievances than most of its predecessors.

For Europe, the creation of a single market is also helping the EU to organise a framework of contacts and an agenda for negotiations with Japan. Inevitably, such efforts continue to focus on trade where—although recession in Europe and a strong yen have temporarily arrested the slide—the underlying imbalance continues to exacerbate relations between the two side.

Unlike the US's tougher line, the Commission is adopting a softer, less confrontational approach in the hope of benefiting from the new political mood now pervading Japan. Known as the trade assessment mechanism (TAM), it focuses less on questions of market share in given industrial sectors and more on a joint EC-Japan analysis of specific products and how they perform.

"The idea," explains the Commission's Tokyo spokesman Gerard Legris, "is to detect products which do not enjoy the same market share in Japan as elsewhere. Selection is on statistical criteria rather than partisan interest and aims to provide a representative basket."

"Having mutually agreed those areas or products," he adds, "we then analyse the factors behind this poor showing. It may well be that the fault lies with Europe, or it may be with the Japanese."

The Commission hopes this will allow both sides to identify trouble spots and agree remedial steps. It also believes this pianissimo approach is essential if the Commission is to gain the cooperation of Japanese ministries and avoid tying the exercise to the specific problems of individual companies. Several TAM meetings have already occurred in Brussels and Tokyo and their findings are due to be discussed at the next round of EU-Japan ministerial meetings.

Once again, Japan's priority is on the US dispute in readiness for the Hosokawa-Clinton summit on 11 February with no date agreed for the European talks. Are Europe's interests, therefore, once again playing second fiddle to Washington's?

The strategy of a country which produces 16 per cent of global GNP but attracts only one per cent of direct foreign investment has never been hard to fathom. Europe must learn that, to the Confucian mind, a paper tiger poses no threat.

Clearer Government Purchase Procedures Urged

*OW2701132994 Tokyo KYODO in English 1319 GMT
27 Jan 94*

[Text] Tokyo, Jan. 27 KYODO—Prime Minister Morihiro Hosokawa on Thursday [27 January] urged bureaucrats to improve the procedures for government procurements, which have been criticized by Japan's trade partners for being unclear, officials said. Hosokawa made the call at a special government committee to discuss trade issues that require a cross-ministry approach.

The committee is expected to decide on a new action program for making the government procurement process more transparent and fair at the next meeting on February 3, the officials said. The backbone of the

measures will be the compiling of a manual for the procedures and creation of a database for bidding information, they said.

Hosokawa will present the measures to U.S. President Bill Clinton when they meet on February 11. The latest steps will cover all the government's procurements of goods, but not services.

The subcabinet-level committee, which held its first meeting in August 1985, was set up to handle trade issues that require cooperation and coordination among ministries and agencies.

PRC Studies Loans Use for High-Speed Railway

*OW2701125394 Tokyo KYODO in English 1148 GMT
27 Jan 94*

[Text] Tokyo, Jan. 27 KYODO—A high-speed railway between Beijing and Shanghai is among the 70 projects that the Chinese Government has unofficially proposed to Japan for financing with Japan's fourth package of yen loans, government sources said Thursday [27 January].

The three-year loan program is to be implemented from fiscal 1996 starting in April 1996.

Under a Chinese plan, a Japanese Shinkansen-type high-speed railway will be built by the year 2000 between Beijing and Shanghai at a cost of 1 trillion yen, the sources said.

Trains running at maximum speed of 250 kilometers per hour on the 1,200-kilometer railway are expected to cut traveling time between the two cities to six hours, one-third the present time.

The Japanese Government is expected to select Chinese projects for application of the loans before Prime Minister Morihiro Hosokawa visits China, probably in mid-March, the sources said.

Under its third package of yen loans to China between fiscal 1990 and 1995, Japan is providing 810 billion yen to finance 42 projects.

Tokyo Considering Resumption of Aid to Burma

*OW2701094794 Tokyo KYODO in English 0928 GMT
27 Jan 94*

[Text] Tokyo, Jan. 27 KYODO—Japan has begun considering a resumption of economic assistance to Myanmar [Burma], Foreign Ministry sources said Thursday [27 January]. But they stressed that the extension of new official development assistance (ODA) to Myanmar, formerly Burma, awaits more "tangible developments" in terms of its moves toward restoration of democracy and improvements in its human rights situation.

"In principle, our bilateral assistance remains suspended, except for humanitarian and emergency assistance rendered on a case-by-case basis," said one source.

The sources said Japan welcomes the Myanmar military junta's holding earlier this month, after a four-month break, of a national convention charged with drawing up a new constitution. But they said the timetable for completion of the constitution and a transfer of power to a new democratic government remains unclear.

The sources said that while some political prisoners have been released by the junta, it is not known when Nobel Peace Prize winner Aung San Suu Kyi will be released from house arrest. Suu Kyi's National League for Democracy (NLD) won a landslide victory in parliamentary elections in May 1990, but the junta, governing as the State Law and Order Restoration Council (SLORC), nullified the results. She has been under house arrest since July 1989.

SLORC leader Lt. General Khin Nyunt told Japanese journalists last week that a five-year limit on house arrest would be reached in July, but did not clarify if Suu Kyi would be released then.

One ministry source said the Myanmar junta "should be commended to some extent" for its recent moves in the direction of openness.

"But to more seriously consider resumption of ODA we need to see more tangible developments," the source said. He said Japan wants "to encourage Myanmar to further open its society and ameliorate the human rights situation, and to promote the transfer of power."

Japan, long Myanmar's largest benefactor, joined other major donor nations in suspending economic assistance in 1988 after the army killed hundreds of pro-democracy protesters. But early the following year it broke ranks and decided to continue with economic assistance already pledged, which by some calculations totaled in excess of 100 billion yen.

There are views in the Japanese Government that new official yen loans should be resumed if Suu Kyi is released and allowed to undertake some measure of political activities, the sources said.

They said there also exist views that the restoration of such assistance would help stabilize the Myanmar economy, which would in turn facilitate the promotion of democracy. Between 1973 and 1988, Japan provided more than two-thirds of all bilateral ODA disbursements to Myanmar.

Foreign Ministry Announces Grant to Pakistan

*OW2101072794 Tokyo KYODO in English 0620 GMT
21 Jan 94*

[Text] Tokyo, Jan. 21 KYODO—Japan will extend a total of some 129 million yen to Pakistan for debt relief and a project to construct bridges in the northwest frontier province, the Foreign Ministry said Friday [21 January].

Japanese parliamentary Vice Foreign Minister Syozo Azuma and Pakistani Government officials exchanged documents on the agreement in Islamabad, the ministry said.

The aid includes 115 million yen to cover debts for which repayment fell due in the first half of fiscal 1993, but on which capital and rescheduled interest has not yet been paid, it said. The aid package also includes 14 million yen to support Pakistan's project to construct bridges in the northwest frontier province, which has many valleys and rivers.

The latest assistance brought the total amount of Japanese grant-in-aid to Pakistan in fiscal 1993 to 4.9 billion yen, the ministry said.

More Reportage on Political Reform Bill Issue

Hosokawa Addresses Reform Council

OW2701095794 Tokyo NHK General Television Network in Japanese 0900 GMT 27 Jan 94

[Announcer-read report over video; from "NHK News" program]

[Text] Speaking at a hastily called meeting of the Private Sector Political Reform Council this afternoon, Prime Minister Hosokawa said that if political reform is not carried out as he has promised the people, he would not cling to the post of prime minister at all. In this way, he indicated his strong resolve to come to grips with the political reform at the risk of his political future.

[Begin Hosokawa recording] If the political reform is not carried out, I have no intention of hanging on to the post of prime minister at all. If the political reform, which has repeatedly been debated in the past five years, is left buried because of minor differences, we will probably not have an opportunity again to carry it out. Now, both the ruling and opposition parties are holding a joint committee meeting of both houses of the Diet and I intend to call on President Kono of the opposition Liberal Democratic Party to hold a top-level meeting with me to discuss ways to handle a package of political reform bills. (end recording)

Hosokawa Denies Allegations

OW2701120794 Tokyo KYODO in English 1154 GMT 27 Jan 94

[Text] Tokyo, Jan. 27 KYODO—Prime Minister Morihiro Hosokawa on Thursday [27 January] denied opposition allegations that the government's bill to revamp the system for electing Diet members is secretly aimed at slashing the parliamentary strength of opposition parties.

"Our efforts to attain reform are not aimed at causing a power struggle or horse-trading among political parties or factions," Hosokawa told a meeting of the Committee

for the Promotion of Political Reforms, a private panel of business executives, academics and journalists.

His remarks came in response to opposition attacks on his plan to replace the current 511-member House of Representatives with a 500-seat mixture of single-seat constituencies and proportional representation as favoring the coalition partners, especially Shinseito [Japan Renewal Party] and Komeito.

Hosokawa told the meeting, "I will not remain prime minister for a minute if political reform is not achieved." The remark was immediately taken as implying his readiness to disband the cabinet and resign if he fails to secure the opposition Liberal Democratic Party's consent to hammer out a compromise version of his reform package.

Minutes after the meeting, however, Hosokawa recanted his statement, telling reporters in the premier's official residence, "I only uttered something as a matter of course as a general statement."

"I am not thinking of dissolving the House of Representatives for a general election or of disbanding my cabinet," Hosokawa said.

The meeting was called two days before the current Diet session is to close on Saturday—Hosokawa's self-imposed deadline for pushing his package through the Diet.

SDP on Lower House Dissolution Issue

OW270103.594 Tokyo KYODO in English 0341 GMT 27 Jan 94

[Text] Tokyo, Jan. 27 KYODO—The leader of the largest party in the ruling coalition reiterated opposition Thursday [27 January] to the possible dissolution and subsequent general elections for the House of Representatives in the event that political reform bills are killed. Social Democratic Party [SDP] Chairman Tomiichi Murayama, speaking at a meeting with a pro-SDP group of labor leaders, said the Japanese people do not want to see a political vacuum emerge during a severe economic slump.

Murayama said the seven-party coalition led by Prime Minister Morihiro Hosokawa should first compile and enact a third supplementary budget for fiscal 1993, ending March 31, and the fiscal 1994 budget, both of which have yet to be submitted to the Diet.

The House of Councillors last week rejected a package of four government-sponsored political reform bills which passed the House of Representatives in November.

Hosokawa has vowed to "take political responsibility" if his Cabinet fails to achieve political reform during the current Diet session ending January 29, implying that he and his Cabinet will resign en masse. Some of the ruling parties have called for dissolving the lower house for an election if the bills are killed.

Coalition Parties Break Off Talks

*OW2701153894 Tokyo KYODO in English 1524 GMT
27 Jan 94*

[Text] Tokyo, Jan. 27 KYODO—The last-minute talks between ruling and opposition parties over political reform bills ended in failure Thursday [27 January] midnight with both sides rejecting compromise plans at a joint council of both Diet houses.

Yuichi Ichikawa, a chief negotiator for the coalition parties who chaired the council, declared an end to a series of talks which had continued intermittently since Wednesday to iron out a concessionary plan to salvage the government's reform package by the Saturday deadline but failed to reach agreement on how to amend the bills.

After the end of the talks at the council, leaders of the seven coalition parties and the government were meeting to work out a new strategy to help realize Prime Minister Morihiro Hosokawa's commitment to political reform. Hosokawa told reporters he will propose a meeting with Yohei Kono, president of the main opposition Liberal Democratic Party (LDP), in a last-ditch effort to enact the reform measures.

The LDP, rejecting the compromise plan offered by the ruling parties at the joint committee, presented its own reform plan before the end of the day. But the coalition parties also turned it down, saying it lacks strict anti-corruption measures necessary to alter Japan's politics, notorious for repeated bribery scandals involving key figures.

The coalition could now call a second vote on the bills in the House of Representatives on Friday, coalition sources said. The bills, which were passed by the lower house last November but rejected by the House of Councillors last Friday, would become law if two-thirds of the powerful lower house members approve them.

The bills would become law if two-thirds of the members of the joint council approve a compromise plan and the amended bills pass the lower and upper houses by Saturday. The joint council is made up of 20 members—10 lower house members who voted in favor of the reform package and 10 upper house members who voted against it, including seven LDP members.

Hosokawa, who staked his premiership on enacting the bills, said earlier in the day that he would not hesitate to step down if his political reform campaign fails. He told a meeting on political reform that, "I will not stick for a minute to the post of prime minister if political reform is not realized."

Since taking office as premier last August after dislodging the LDP from its 38-year grip on power, Hosokawa has vowed to get the bills passed by the end of the current Diet session. If he fails to do so, he could be forced to resign or dissolve the lower house to win a new mandate, political analysts said.

The LDP's offer would increase the number of single-seat constituencies in the lower house to 300 from 274 in the original electoral reform bill, as well as cut the number of proportional representation seats to 171 from 226. This compares with the coalition's compromise plan which calls for 280 for single-seat and 220 for proportional representation seats.

At present the lower house has 511 seats, all elected from multiseat constituencies and with no proportional representation. In addition, the LDP plan would split the seats under proportional representation into 47 prefectural units while the coalition proposed breaking them into seven electoral units, instead of a single nationwide electoral unit in the original bill.

On political fund-raising, the LDP said political donations by an enterprise or a group to a maximum of 240,000 yen a year to individual politician's two fund-raising bodies should be allowed. But the coalition said it could only backpedal from a blanket ban on corporate donations to individual politicians in the original bill by allowing members of local assemblies to accept such donations for five years after the reform bills are enacted.

Kansai Airport Planned as Japan-Asia Hub

*OW2701094994 Tokyo KYODO in English 0735 GMT
27 Jan 94*

[Text] Osaka, Jan. 27 KYODO—Takenori Matsumoto, the man who will head operations at the Kansai International Airport when it opens in September, plans to develop Japan's first 24-hour airport as a hub linking Japan with Asia and foreign countries elsewhere.

The former Transport Ministry official pointed out in an interview that the airport is in closer proximity to other Asian countries than Japan's busiest international airport at Narita near Tokyo.

The airport has been built on a man-made island five kilometers off the Senshu District of Osaka Prefecture.

Matsumoto, who assumed his post at the beginning of the month, predicted the airport will be a boon for those coming from local areas to make connections with international lines since it will also serve domestic lines.

In contrast, the new Tokyo international airport, located east of Tokyo in Chiba Prefecture, has very few domestic lines so many passengers must commute the considerable distance between it and Tokyo's domestic airport at Haneda.

Matsumoto, who has lengthy experience in promoting airplane safety measures, said the Kansai airport will be a "faultless" one when it comes to air safety.

Matsumoto, 49, said the only thing that concerns him is the fact that side winds can reportedly be quite strong at times.

North Korea**Views Exchanged on U.S. Soldiers' Remains***SK2701104494 Pyongyang KCNA in English 1039
GMT 27 Jan 94*

[Text] Panmunjom, January 27 (KCNA)—Working groups of DPRK and U.S. militaries exchanged their views on the issue of remains of U.S. soldiers at Panmunjom over Jan. 26-27.

Present there were the heads and members of the working groups and remains experts from both sides.

The U.S. side expressed particular thanks to the DPRK side for its humanitarian excavation and delivery of the remains of more than 130 U.S. soldiers killed in the Northern half of Korea during the Korean war since the adoption of "agreement on the remains issue" in August last year.

The sides informed each other of scientific and technical experience in the excavation, sorting and delivery of remains and exchanged views on matters concerning the implementation of "agreement on the remains issue."

The exchange of views took place in an atmosphere of mutual understanding and confidence.

'Radio Free Asia' Program Poses 'Challenge'*SK2701105394 Pyongyang KCNA in English 1043
GMT 27 Jan 94*

["Futile 'Liberalization' Campaign"—KCNA headline]

[Text] Pyongyang, January 27 (KCNA)—A bill on the start of Radio "Free Asia" broadcasting was carried at the U.S. Senate on Jan. 25, an NHK news report said.

It goes without saying that the Korean peninsula is the main target of the reactionary Radio "Free Asia," which will broadcast "news and commentaries helpful to the national interests of the United States."

This is another move of the anti-socialist, anti-DPRK campaign of the United States. It shows they are executing in real earnest their "peaceful transition" strategy to disunite the DPRK ideologically from within.

This is an intolerable challenge to the DPRK.

It is self-evident that the U.S. scheme to start "Free Asia" broadcasting is aimed at sending the wind of "liberalization" into our country and thus instilling bourgeois ideology into the minds of the Korean people and undermining the Korean-style socialist system centred on the popular masses.

The U.S. attempt to undermine the DPRK ideologically and culturally by false propaganda through "Free Asia" is as stupid as trying to move a rock with a mouthful of blowing.

The Korean people firmly equipped with the chuche idea will never lend an ear to the bourgeois propaganda that does not appeal to their sentiments.

The United States must clearly know the ideological will of the Korean people and stop the futile attempt to start the broadcasting of "Free Asia."

KCNA Notes Arrival, Remarks of Billy Graham*SK2701105894 Pyongyang KCNA in English 1049
GMT 27 Jan 94*

[Text] Pyongyang, January 27 (KCNA)—U.S. religious leader Rev. Billy Graham and his party arrived here today.

They were met at the airport by Chairman of the C.C. [Central Committee], the Korean Christians Federation Kang Yong-sop; Chairman of the C.C., the Korean Catholics Association Chang Chae-chol, and other religionists.

Rev. Billy Graham published a statement on his arrival at the airport.

Recalling his first visit to the DPRK in April 1992, he related the goals of his visit this time.

He said:

"First, I want to renew my friendship with the many people I met during my previous trip, and to make new friends as well.

"Friendship is one of the most precious things in this world. I have learned that friendship is more important than wealth, or fame, or power.

"The second reason I wanted to return to the DPRK is to have fellowship with my fellow Christian believers here, and to witness the progress of your churches.

"Christians often serve as a bridge between different societies. That bridge brought me here two years ago, and I believe as a result of that visit the bridge between us is stronger now than it was then.

"During my time here I especially am looking forward to visiting three commemorative sites. The first is the historic birthplace of President Kim Il-song just outside Pyongyang. In addition I am pleased to be able to view the museum at Kim Il-song University honoring secretary Kim Chong-il. It also will be a privilege to visit the site at Chilgol where President Kim Il-song's mother was born.

"The third reason I have wanted to come here at this time is to express my unswerving commitment to peace and good will between our two nations. I am aware that I come at a particularly complex time in our relationships, and perhaps in some small way this visit will contribute to a new atmosphere of mutual respect and good will and understanding."

Kim Yong-sam Declared Doomed to 'Tragic End'

SK2701112494 Pyongyang KCNA in English 1009
GMT 27 Jan 94

["Tragic End of Traitor Group Inevitable"—KCNA headline]

[Text] Pyongyang, January 27 (KCNA)—NODONG SINMUN today declares that the Kim Yong-sam traitor group of South Korea is doomed to a tragic end.

Kim Yong-sam the traitor has made himself the enemy not only of the South Korean people but also of the whole nation by seeking dependence on outside forces and North-South confrontation and bartering away the dignity and interests of the nation to outside forces to gratify his greed for power, notes the paper in an article.

The author of the article says:

He earned himself the hatred and grievances of the South Korean people by establishing "civilian" fascist dictatorship which is little different from the preceding military dictatorship. While waxing eloquent about "civilian politics," he extended in actuality the military fascist dictatorship of the "Fifth Republic" and the "Sixth Republic" without modification.

It is clear to everyone that the reactionary rulers who suppress the people and encroach upon their interests are rejected by the popular masses. The Kim Yong-sam puppet clique landed itself in a hopeless isolation by committing treacheries against fellow countrymen.

The traitor has trampled upon the agreement with non-aggression as its core and the joint declaration on denuclearisation by seizing power after the adoption and effectuation of these historic documents between North and South. And he has broken up the North-South dialogues, which had continued even in the days of the regime of military dictatorship, raising a hue and cry over "suspected nuclear development" by the North. And he resumed the "Team Spirit" joint military drill which had been suspended toward the end of the "Sixth Republic" and staged a chain of North-targeted nuclear war exercises codenamed "Ulchi," "Ulchi Focus Lens," "Foal Eagle-93," "Hwarang," etc., thus aggravating the North-South relations and leading the situation to the brink of war.

Out in front in the nuclear clamor raised by the imperialist reactionaries to stifle the DPRK, the traitor Kim Yong-sam sought "an international cooperation system" and displayed feverish activities to have "sanctions" taken against it.

When countries and nations were advancing toward independence in the international arena, he entreated the United States to shelve its "troops cutback program" by offering a burden share to the tune of more than 3,000 million dollars for their maintenance and "protect" South Korea with the "nuclear umbrella" and, in the

relations with Japan, he absolved the Japanese imperialists of their crimes in aggression on Korea and sought tieup with the Japanese reactionaries, thus standing naked as a pro-Japanese lackey.

In a little more than ten months of his office, Kim Yong-sam stripped himself bare to reveal his ugly color as "a civilian puppet," "a civilian fascist," "a civilian separatist," "a civilian warmaniac" and "a civilian traitor."

He is doomed to be thrown into a dustbin of history like his predecessors.

South Criticized for 'Emergency Preparedness'

SK2701070294 Pyongyang KCNA in English 0422
GMT 27 Jan 94

["Confrontation Row Heralds Ruin"—KCNA headline]

[Text] Pyongyang, January 27 (KCNA)—NODONG SINMUN today condemns the South Korean puppets for kicking up a row of confrontation, declaring that their orientation this year is to "establish a posture of prompt reaction to regular warfare" and "stage exercises simulating actual war to provide against regular warfare".

Branding this row of the South Korean puppets as an act going against the desire of the nation for reunification, the news analyst says:

The puppets are carping on the North, crying over its "commandos" and "provocation". But it is an old tune which everyone is weary of hearing and a foolish phrase that can convince no one.

"Emergency preparedness" on the lips of the Kim Yong-sam puppet clique means to make a war against the North a fait accompli on the Korean peninsula according to the outside forces' policy of aggression and to be prepared for mobilizing all the human and material resources of South Korea.

The Kim Yong-sam clique ceaselessly staged military exercises in league with foreign forces of aggression last year and mobilized even para-military forces in them beside the puppet Army.

The puppets' outcries for "completion of allout combat posture of civilians, government and Army" and "exercises simulating actual war to provide against regular warfare" suggest that they would be more frenzied in war rackets against fellow countrymen by mobilizing even citizens this year.

The Kim Yong-sam puppet clique is trying to divert elsewhere the attention of people with the row of confrontation against the North and thus tide over the crisis of the fascist rule.

The foul attempt of the Kim Yong-sam puppet clique, however, stands no chance of success.

Its confrontation row against the DPRK will invite fiercer resentment of the people and precipitate its own destruction.

Present South Regime Said No Change From Others

SK2601142794 Pyongyang Korean Central Broadcasting Network in Korean 1150 GMT 25 Jan 94

[Commentary by Chong Pong-kil: "Civilian Regime Which Repeats an Old Tune"]

[Text] According to radio reports from Seoul, on 21 January, the puppet Kim Yong-sam clique convened a meeting called the 27th central anti-espionage operations meeting and decided that the goal of the so-called anti-espionage operations this year is to establish a total national security posture.

At the meeting attended by the rabble in charge of national security, the bastards recklessly found fault with us and babbled that they must increase the preparedness for immediate reaction to unconventional warfare, strengthen the total defense system involving the people, the government, and the military, and conduct exercises in a real combat situation for unconventional warfare to counter a so-called provocation.

This is the repetition of the old tune of the preceding dictators and an intolerable challenge to us, who are persistently making efforts for peace in the country and its reunification.

As everyone knows, traitors Chon Tu-hwan and No Tae-u, the previous dictators, talked about the so-called anti-espionage operations or someone else's provocations and loudly talked as if we would launch a southward invasion at once. The people of the world acknowledge that we have never launched a southward invasion and that threats of aggression come from the South to the North, not from the North to the South.

The Kim Yong-sam regime, which calls itself a civilian government, repeats the old tune which has already been sung. This means the Kim Yong-sam regime is no different from the preceding military fascist dictatorships. Learning from the preceding dictators, it does so to justify its maneuvers to prepare for a war of northward invasion under the pretext of someone else's non-existent provocation.

All fellow countrymen in the North and South and abroad are filled with a resolve to make this year a year when they will achieve great national unity and open a new phase in the fatherland's reunification. They also expect that in step with the fellow countrymen's heightened ardor for reunification, North-South relations will be led to detente and peace. Meanwhile, through several rounds of contacts, the DPRK and the United States have removed a series of obstacles that had deadlocked DPRK-U.S. talks and achieved a breakthrough to make progress in the talks.

When bright prospects have opened for peace in the country and its reunification, the Kim Yong-sam ring is using the old tune, which the preceding dictators chanted over and over again, as a means to aggravate North-South tensions and embarking on a road toward confrontation.

From the very beginning of new year, the South Korean warmongers found fault with us and recklessly made bellicose remarks about immediate punishment or complete military preparedness. This is no accident. The Kim Yong-sam ring decided that strengthening the total defense system involving the people, the government, and the military and conducting exercises in a real combat situation for unconventional warfare will be the goal of the so-called anti-espionage operations this year. This means that it will conduct larger-scale war exercises this year.

A few while ago, the South Korean puppets babbled that they would conduct a large-scale joint military exercise, a combination of the Ulchi and Focus Lens military exercises, with the United States in August in case they discontinue the Team Spirit joint military exercise. Facts show the Kim Yong-sam regime is a group of warmongers and an antinational group that follows the preceding military fascist groups' footsteps.

The South Korean puppets are rushing toward confrontation and war, not national reconciliation and unity, this year. The reason is clear. The bastards are facing a serious crisis in their rule. The Kim Yong-sam ring has loudly babbled about reforms, talking as if they would do something. However, nothing has changed in South Korea. Rather, fascist suppression has been stepped up, a worse economic catastrophe and greater difficulties have been inflicted on the people. Not only the people's struggle for independence, democracy, and reunification but also the workers' strikes have been suppressed brutally, and as a result of the treacherous opening of the rice market, 6 million peasants, agriculture, and the overall economy are threatened with a catastrophe. Moreover, the Nakdong and Han Rivers and other rivers have been contaminated, and, therefore, numerous people face difficulties in getting potable water. Therefore, the South Korean people call the Kim Yong-sam regime a civilian fascist or non-civilian regime and participate in the antigovernment struggle to overthrow the bastards.

Flustered at this, the Kim Yong-sam ring is trying to divert the people's attention somewhere else by talking as if we would launch a southward aggression at once, thus, inspiring a sense of urgency. However, this is a foolish dream. No one will be deceived by the theory of threats of southward invasion, which has already been done before.

The Kim Yong-sam ring's reckless war maneuvers will further inspire the South Korean people's resistance. The Kim Yong-sam ring must ponder over grave consequences from its reckless war maneuvers, act with discretion, and leave office without delay.

South's Agricultural Tax Plans Denounced

*SK2701071594 Pyongyang Korean Central
Broadcasting Network in Korean 1150 GMT 26 Jan 94*

[Commentary by station commentator Yun Pyong-son:
"The Traitorous Regime Cannot Last Long"]

[Text] According to a radio report from Seoul, the Kim Yong-sam puppet clique established a new traffic tax under the pretext of resolving the traffic issue early this year. Now it is once again trying to establish a new agriculture-fishery special tax as well as an environment tax.

The puppets are raving that new taxes are necessary in order to generate the financial resources needed to change the structure of agriculture-fishery villages in the wake of market opening and in a bid to resolve the issue of polluted tap water from polluted rivers. However, this is nothing but sophistry to justify maneuvers to create new taxes to exploit the people.

As is widely known, broad segments of the South Korean populace, including farmers, strongly objected to the rice market opening, branding the puppets' maneuvers for rice market opening as the act of driving farmers to their death and making the South Korean people slaves to foreign provisions. However, the Kim Yong-sam puppet clique, ignoring their promises and the people's resistance, did not hesitate in opening up the South's rice markets in order to ingratiate itself with the U.S. masters.

In addition, the South Korean people have long urged the puppet authorities to come up with a policy to prevent river pollution. The rascals received considerable amounts of money from intermediary waste disposal companies to overlook the discharge of poisonous industrial wastes into the Nakdong River, and allowed these companies to build waste disposal plants in areas designated as tap water protection sites. As a result, ten million residents in the Nakdong River area alone are suffering from a lack of tap water, which is of utmost importance to daily living.

South Korea has become the worst traffic hell in the world, many residents are suffering from the polluted tap water from the seriously polluted environment, and agricultural and fishery villages are doomed to ruin because of market opening. This is entirely attributed to the policy of Kim Yong-sam's flunkeyisi, traitorous regime against the nation. Therefore, the Kim Yong-sam puppet regime should totally assume responsibility for this.

Nonetheless, the Kim Yong-sam ring's new taxes and their attempt to strengthen exploitation of the people is like the saying of the guilty person venting his anger upon others for no reason.

A South Korean radio reported that if the special tax for rural and fishing villages and the environment are added to the existing education tax and traffic tax, the people will be forced to pay an additional four different taxes this year. The radio denounced the authorities' maneuvers to establish new taxes, saying that if taxes are

created every time issues like this come up, no matter how many purposeful taxes are created, it will never be enough.

The South Korean people have been burdened with various kinds of heavy taxes. According to the materials released by the puppet Finance Ministry, taxes that will be imposed upon the South Korean rural and fishery households this year will amount to an average of almost 1,350,000 won. Like the gangster-like theory that taxes can be squeezed out of people once levied, the puppet clique has constantly created new taxes and tried to exploit the South Korean people by squeezing every last drop of their blood.

The puppets' babble about generating so-called financial resources is a brazen-faced maneuver. To maintain their own conveniences and power, the traitorous groups opened the rice markets on which the lives of hundreds of farmers depend, and have polluted the tap water of the 10 million residents. What on earth can they do for the people?

While paying lip service to conducting politics centered on the people's livelihood, the Kim Yong-sam ring babbles as though it is doing something for the people. In actuality, it only thinks of exploiting the people. The Kim Yong-sam puppet's regime is an exploitative, blood-sucking regime which exceeds preceding rulers.

The rascals can never cover up their traitorous color of afflicting misfortunes and sufferings upon the people. As long as the Kim Yong-sam ring, which answers people's complaints over the rice market opening and the river pollution with strong exploitation to maintain power, the South Korean people cannot free themselves from the present status or poverty.

The South Korean people will never forgive the Kim Yong-sam traitorous regime's crimes and will deal a hard blow to the rascals.

Pomchonghaknyon Denounces South on Mun's Death

*SK2701070094 Pyongyang KCNA in English 0416
GMT 27 Jan 94*

[Text] Pyongyang, January 27 (KCNA)—The North side headquarters of the National Alliance of Youth and Students for the Country's Reunification (Pomchonghaknyon) issued a statement Wednesday denouncing the South Korean authorities for blocking the Seoul trip of the mourners' group of the North side for the funeral of Rev. Mun Ik-hwan, a patriotic champion of reunification.

The statement scathingly denounces the traitor Kim Yong-sam's fascist step as an intolerable insult to the patriotic spirit of Rev. Mun Ik-hwan, a grave infringement on the compatriotic feelings of the entire youth and students and people in the North and a total denial of ethics and morality.

The statement says:

"It is outrageous of the Kim Yong-sam puppet clique to talk about 'organisation benefiting the enemy' and 'nuclear issue' for justifying their act this time.

"Denying the National Alliance for the Country's Reunification (Pomminnyon) means denying great unity of the nation, and the latter means denying national reunification.

"The entire youth and students in the northern half of the country will become flames burning injustice and immorality and standard-bearers of great national unity, punish the Kim Yong-sam puppet clique seeking a way out in dependence on outside forces and North-South confrontation and achieve national reunification which was the lifelong wish of Rev. Mun Ik-hwan, a patriotic martyr for reunification, rallied around Pomchonghaknyon, the vanguard of Pomminnyon."

Kim Il-song's New Year Address Reported Abroad

*SK2701112594 Pyongyang KCNA in English 1013
GMT 27 Jan 94*

[Text] Pyongyang, January 27 (KCNA)—The great leader Comrade Kim Il-song's New Year address was carried by the Indian papers WORUM and INDEPENDENT, the Indian magazine SOCIALLOOK and the Mozambican magazine TEMPO.

Seminars on the New Year address were held in Harare Province, Zimbabwe, and at the group for the study of the *chuche* idea of President Kim Il-song in Vienna, Austria, and a branch of the Malian Youth Revolutionary Front of Self-Reliance.

The reporters and speakers at the seminars said the Korean people last year made great achievements in socialist construction despite the unprecedentedly vicious machinations of the imperialists and fully demonstrated the superiority of Korean-style socialism, the embodiment of the *chuche* idea.

They estimated the confederacy formula of reunification put forward by President Kim Il-song as the most fair and aboveboard proposal for a peaceful reunification of Korea.

They demanded the South Korean authorities renounce the policy of depending on outside forces and choose to reunify Korea by confederacy formula.

The United States must immediately stop the anti-socialist, anti-DPRK campaign and fairly settle the nuclear issue on the Korean peninsula through DPRK-U.S. talks, they urged.

A meeting explaining the New Year address was held in West Mashonaland Province, Zimbabwe, and its reading session at the Guyana torchlight Taekwon-do group for the study of the *chuche* idea of Comrade Kim Il-song.

Italian Party Leaders Cited on WPK Achievements

*SK2701112794 Pyongyang KCNA in English 1015
GMT 27 Jan 94*

[Text] Pyongyang, January 27 (KCNA)—A delegation of the Workers' Party of Korea [WPK] led by Pak Kyong-son, vice-director of a department of the WPK Central Committee, met separately with General Secretary of the Italian Social Democratic Party Enrico Ferri and Chairman of the Communist Reformative Party of Italy Armando Kossuta on Jan. 21 and 22.

The general secretary of the Italian Social Democratic Party told the WPK delegation that the WPK enjoys a high prestige in the world because it has its unique philosophy and pursues an independent policy.

The chairman of the communist reformative party of Italy said he was very glad that the WPK was building socialism successfully in the teeth of the vicious moves of the imperialists, and wished the WPK greater success in the struggle for the cause of socialism.

Jordanian Communists Send Greetings to WPK

*SK2701112194 Pyongyang KCNA in English 1018
GMT 27 Jan 94*

[Text] Pyongyang, January 27 (KCNA)—The Central Committee of the Workers' Party of Korea [WPK] received a solidarity telegram from the Central Committee of the Jordanian Communist Party on January 8, supporting the New Year address of the great leader President Kim Il-song.

The telegram expresses support and solidarity for the policies expounded by President Kim Il-song in his New Year address, especially the DPRK's policies to be enforced in 1994, a year of a great revolutionary upswing and advance.

As President Kim Il-song stressed in his New Year address, the nuclear issue on the Korean peninsula must be settled through DPRK-U.S. talks and the United States must act with discretion, looking straight at the reality, the telegram says.

The Jordanian Communist Party supports the WPK in the efforts and struggle to defend the interests of the friendly Korean people and world peace and security, it stresses.

'Text' of Revised Equity Joint Venture Law

*SK2601112994 Pyongyang KCNA in English 1100
GMT 26 Jan 94*

[Text] Pyongyang, January 26 (KCNA)—The Equity Joint Venture Law of the Democratic People's Republic of Korea which had been adopted in 1984 has been revised and supplemented. The revised law was adopted in the form of a decision of the Standing Committee of the Supreme People's Assembly dated January 20, 1994.

Follows the full text of the law:

Law on Equity Joint Venture of the Democratic People's Republic of Korea on Joint Venture

Chapter 1 General Provisions

Article 1. The law on equity joint venture of the D.P.R. of Korea contributes to expanding and developing economic and technical cooperation and exchange between the D.P.R. of Korea and various countries of the world.

Article 2. Institutions, enterprises or associations of the D.P.R.K. are allowed to establish and operate an equity joint venture enterprise with body corporate, or individuals of a foreign country within the territory of the D.P.R.K.

It is also allowed to establish and operate an equity joint venture enterprise with Koreans living outside the territory of the D.P.R.K.

Establishment of an equity joint venture enterprise outside the territory of the D.P.R.K. shall not be subject to this law.

Article 3. Equity joint ventures are allowed in a number of sectors including science and technology sectors, industry, construction, and transportation. The state shall encourage equity joint ventures in projects involving the introduction of high technologies, those producing internationally competitive products, infrastructure development projects and scientific research and technological development projects.

Article 4. Liability of each partner of an equity joint venture to debts and other obligations of the joint venture which may arise during the operation of the joint venture shall be limited to the amount of his or her subscription.

Article 5. An equity joint venture enterprise shall have the ownership of the assets subscribed by its partners and conduct independent management.

Article 6. An equity joint venture enterprise shall be a body corporate of the D.P.R.K. on the day when it is registered at the relevant registration body.

The state shall protect legal rights and interests of equity joint venture enterprises.

Article 7. Equity joint venture enterprises in priority projects or those with Koreans living outside the territory of the D.P.R.K. or those established within a specified area of the D.P.R.K. shall receive preferential treatment such as reduction and exemption of tax and favourable conditions of land use.

Article 8. An equity joint venture enterprise shall conduct its business activities in compliance with this law.

Any item which has not been stipulated in this law shall be subject to the relevant laws and regulations of the D.P.R.K.

Chapter 2 Establishment of an Equity Joint Venture Enterprise

Article 9. An institution, enterprise or association of the D.P.R.K. and a foreign investor wishing to run an equity joint venture shall, after consultations with relevant bodies and conclusion of the joint venture contract, submit to either the external economic body of the Administration Council or the free economic and trade zone authority an application for the establishment of an equity joint venture enterprise accompanied with its memorandum, a copy of the contract, feasibility study report and so on.

The external economic body of the Administration Council or the free economic and trade zone authority shall, within 50 days after its reception of the application, decide whether to approve or to refuse the application.

Article 10. The registration of an equity joint venture enterprise shall be made at either the administrative and economic committee of the province (or municipality) or the free economic and trade zone authority within 30 days from the day when the approval is given for its establishment.

The day of its registration shall be the foundation day of the equity joint venture enterprise.

The equity joint venture enterprise shall, within 20 days after its registration, register itself for tax purpose at the financial body of the seat where it is based.

Article 11. Amounts of subscription from each partner shall be decided between themselves through mutual agreement.

A joint venture partner may subscribe in the form of cash, property in kind, industrial property right, technical know-how, the right to use land and so on.

In this case the prices of the properties that are contributed shall be decided through mutual agreement between the partners on the basis of international market prices prevailing at that time.

Article 12. A joint venture partner is allowed to inherit his shares or convey it to a third party.

Article 13. An equity joint venture enterprise may, with the consent of the external economic body of the Administration Council, open its branches in either the D.P.R.K. or foreign country.

Article 14. A joint venture partner shall make its subscription within the specified period of time. When, for unavoidable reasons, he or she is not able to make subscription within the specified time limit, he or she may postpone subscription under the permission of the body that has approved the establishment of the enterprise.

Article 15. The registered capital of an equity joint venture enterprise shall be over 30-70 percent of the

amount of total investment and the exact percentage shall depend on the scope of the total investment.

In case of increasing the registered capital, registration shall be made of the change by agreement with the body which has approved its establishment.

It is not allowed to reduce the amount of registered capital.

Chapter 3 Organisational Structure and Management of an Equity Joint Venture Enterprise

Article 16. An equity joint venture enterprise shall have the board of directors, which shall be the top decision-making body of the joint venture enterprise.

Article 17. The board of directors shall be responsible for major issues concerning the enterprise including amending of or adding to the memorandum, development of corporate strategy for the enterprise, planning, accounting and distribution, appointment and dismissal of the managing director, vice-managing director and the auditor.

Article 18. An equity joint venture enterprise may have such managerial personnel as the managing director, vice-managing director, accountants and so on.

The managing director shall be responsible for his work to the board of directors.

Article 19. An equity joint venture enterprise may have an auditor.

The auditor may inspect the management of the enterprise at any time and shall be responsible for his work to the board of directors.

Article 20. An equity joint venture enterprise shall be run according to its memorandum and decisions made by the board of directors.

Article 21. An equity joint venture enterprise shall start its operation within the specified period of time.

When, for unavoidable reasons, it is not able to start operation within the specified period of time, it shall apply to the body which has approved its establishment for the approval of the delay of the start-up.

Article 22. An equity joint venture enterprise shall obtain a business license in order to be able to carry out business activities.

A business license shall be issued by either the external economic body of the Administration Council or the free economic and trade zone authority depending on the scope of a specific project.

The day on which the business license is issued shall be the start-up day of the enterprise.

Article 23. An equity joint venture enterprise may purchase materials needed for operation or sell goods produced by it within the territory of the D.P.R.K. In this

case it is required to submit to the relevant body within the specified period of time material purchase and goods marketing plans for the year.

Article 24. An equity joint venture enterprise may import materials needed for operation or export goods it produces. In this case approval is needed only for bringing in and out of the materials and goods imported or exported.

Article 25. An equity joint venture enterprise shall conduct its business activities within the limitation of the types of business which it has been allowed to be engaged in.

In case of increase in the number of or change in types of business of the enterprise, approval shall be obtained for this purpose from the external economic body of the Administration Council or the free economic and trade zone authority.

Article 26. An equity joint venture enterprise shall employ Korean nationals for labour force.

Some managerial personnel, engineers and skilled workers for special jobs who have been listed in the contract may be employed from foreign countries by agreement with the external economic body of the Administration Council.

Article 27. An equity joint venture enterprise shall manage and use its employees in compliance with the labour law and the labour regulations regarding foreign-invested business of the DPRK.

Article 28. An equity joint venture enterprise shall open an account with a bank of the DPRK by agreement with the foreign exchange control body. If necessary, it may open an account with a bank of a foreign country by agreement with the foreign exchange control body.

Article 29. An equity joint venture enterprise may borrow money needed for its business activities from either a DPRK bank or a bank of a foreign country.

Article 30. An equity joint venture enterprise shall conduct its accounting as required by the accounting regulations of the DPRK regarding foreign-funded ventures.

Article 31. When an equity joint venture enterprise wishes to insure itself, it shall be insured by an insurance body of the DPRK.

Article 32. Employees of an equity joint venture enterprise may form trade unions. The joint venture enterprise shall provide conditions for the activities of the union.

Chapter 4 Settlement and Distribution

Article 33. The financial year of an equity joint venture enterprise shall be the period beginning on January 1 and ending on December 31 of any calendar year.

Accounting for any financial year shall be completed by the end of February of the following year.

Article 34. Accounting of equity joint venture enterprises shall be done in such a way as determining the account of settled profit by subtracting from the gross revenue costs including materials, fuel, power, labour, depreciation, overhead costs, insurance premium and expenses of sale as well as other expenses.

Article 35. An equity joint venture enterprise shall create reserve fund by transferring 5 percent of its annual settled profit until the amount of the reserve fund becomes as much as equivalent to 25 percent of its registered capital.

The reserve fund shall be used only for the purpose of compensation of loss or increase of registered capital.

Article 36. An equity joint venture enterprise shall create necessary funds such as production expansion and technological development fund, bonus fund for employees, cultural and accommodation fund, training fund and so on.

Types, scopes and uses of various funds shall be discussed and decided by the board of directors.

Article 37. An equity joint venture enterprise shall distribute profits after its financial accounting statements have been audited by the auditor and approved by the board of directors.

The distribution of profits shall be done in such a way as distributing to the joint venture partners according to the proportions of their subscriptions the remaining amount of profit after the payment of tax and deduction of the reserve fund and the other funds.

Article 38. An equity joint venture enterprise shall be liable to pay tax.

However income tax may be reduced or exempted for a certain period of time from the first profit-making year.

Article 39. An equity joint venture enterprise may carry forward its settled profit for any year in order to cover the loss sustained by it during the previous year.

In this case the number of years for which carrying forward is allowed shall be limited to 4 years.

Article 40. An equity joint venture enterprise shall submit its financial statements and accounts within the specified period of time on a yearly and quarterly basis to relevant bodies including the body which has approved its establishment and the financial body.

Article 41. The foreign partner of an equity joint venture enterprise may reinvest wholly or partially his or her profit which has been distributed within the territory of the D.P.R.K.

In this case income tax on the reinvested profit may be wholly or partially refunded from the total amount of income tax which has already been paid.

Article 42. The foreign partner of an equity joint venture enterprise is allowed to remit outside Korea profits earned from business and other income as well as money received after the liquidation of business.

Chapter 5. Dissolution and Settlement of Disputes

Article 43. An equity joint venture enterprise shall be dissolved when it is unable to continue its operation for such reasons as the termination of contracted time, insolvency, default of the contract by either of the partners and natural calamities.

Article 44. An equity joint venture enterprise may, if there is a reason to do so, decide on the dissolution at the board of directors even before the termination of the contract and dissolve itself under the permission from the body which has approved its establishment or according to a decision made by a court.

Liquidators shall be appointed and liquidation committee organized by the board of directors if the dissolution is done under the permission of the body which approved its establishment or by the court if it is dissolved according to a court decision.

The liquidation committee shall settle all transactions and finish liquidation of the enterprise and, within 10 days therefrom, go through formalities needed for the cancellation of its business registration.

Article 45. In case of the extension of its operation period, an equity joint venture enterprise shall decide on it at the board of directors and obtain an approval for extension from the body which approved its establishment 6 months before the termination of the original contract.

The operation period shall begin to be counted from the day when the enterprise is registered at either the administrative and economic committee of the province (or municipality) or the free economic and trade zone authority.

Article 46. When an equity joint venture enterprise has a grievance against an instruction given by or an act done by an official of an administrative body, it may make a petition to a body at a higher level.

The body which has received the petition shall, within 30 days after its reception, review and settle the petition.

Article 47. Any disagreement regarding an equity joint venture shall be settled through consultation.

If it is impossible to settle it through consultations, it shall be brought to a court or an arbitral body of the DPRK or may be brought to an arbitral body of a third state for settlement.

Chang Chol at Film Distributors Conference*SK2701065594 Pyongyang KCNA in English 0412
GMT 27 Jan 94*

[Text] Pyongyang, January 27 (KCNA)—A national conference of film distributors was held at the Pyongyang International Cinema House over Jan. 25-26.

The conference reviewed the achievements and experiences gained in film distribution under the party's leadership and discussed measures to effect a new upswing in film distribution to meet the requirements of the developing reality.

Chang Chol, vice premier of the Administration Council and minister of Culture and Art, made a report, to be followed by speeches.

The dear leader Comrade Kim Chong-il propounded a scientific and unique idea and theory on film distribution and wisely guided this work in each period and at each stage of the revolution and construction.

Especially, he published the famous work "On Improving Film Distribution To Meet the Requirements of Party Ideological Work" on March 8, 1978, comprehensively indicating what to do for effective film distribution and saw that the films were distributed in conformity with the direction and requirements of party ideological work.

The party's unique idea and theory on film distribution have been successfully applied to the reality to fully display their vitality and validity.

Film distribution actively contributes to educating the masses in loyalty, with its primary stress laid on the distribution of the documentary films on the greatness of the respected leader President Kim Il-song and the dear leader Comrade Kim Chong-il and the feature films on the theme of loyalty.

The conference put forward tasks arising in directing primary efforts to the distribution of documentary films on the leadership feats of President Kim Il-song and Comrade Kim Chong-il, with the main stress on education of the people in loyalty, and in rousing the masses in the implementation of the party's revolutionary economic strategy by actively distributing films conducive to revolutionary education, class education and education in socialist patriotism and, at the same time, conducting an extensive campaign to follow the positive examples of leading characters of movies.

A letter of pledge to Comrade Kim Chong-il was adopted at the conference.

Pomminnyon Issues Statement on Anniversary*SK2601064794 Pyongyang Korean Central
Broadcasting Network in Korean 1100 GMT 25 Jan 94*

[Text] Paek In-chun, chairman of the North side headquarters of the National Alliance for the Country's

Reunification [Pomminnyon] issued a press statement on 24 January on the 3d anniversary of the formation of the North side headquarters of Pomminnyon.

The press statement reads: The twenty-fifth of January marks the 3d anniversary of the formation of the North side headquarters of Pomminnyon. We who are involved in the work of Pomminnyon are filled anew with deep emotion and great resolve as we greet this day at this magnificent juncture when all the fellow countrymen at home and abroad have designated this year a year of great national unity for the country's reunification and undertaken the first step for pannational reunification.

Three years have passed since the North side headquarters were designated as a regional organization of Pomminnyon during the formation of the Pomminnyon at the three-way working talks held in Berlin in November 1990 following the resolution of the first round of pannational rally on 15 August that year. Since its formation, the North side headquarters of Pomminnyon has waged a vigorous struggle to realize the country's reunification to fulfill its lofty mission and responsibility to history and the nation, strengthening its relations with the other Pomminnyon organizations at home and abroad.

All the struggles the Pomminnyon has waged for these three years—such as the struggle to promote the implementation of the historic North-South Agreement and the joint declaration on denuclearization, the many rounds of pannational rallies which were grandly held to crush the splittist forces' persistent suppressive and obstructive maneuvers, the meetings of the Pomminnyon chairmen's groups, and the struggle for the abolition of the evil anti-reunification laws, for the release of patriotic figures devoted to reunification, and for the repatriation of old man Yi In-mo—have been just and patriotic struggles which reflect the aspiration of all the fellow countrymen who ardently desire national unity and the country's reunification.

Through the numerous joint struggles since their formation, our Pomminnyon organizations have been able to contribute to strengthening the independent might of the country's reunification and further heightening the fellow countrymen's reunification desire at home and abroad. Through the three years of the Pomminnyon movement, we have demonstrated at home and abroad that our Pomminnyon's advance for the realization of the three principles—independence, peaceful reunification, and great national unity, which are the common national ideals—is unstoppable, no matter what desperate efforts the splittist forces may take from their aversion to national unity and the country's independent and peaceful reunification, and that the victory of the cause of our reunification is inevitable.

The great advance of our nation for the country's reunification is now entering a new stage, and the fellow countrymen's desire for this has become more ardent with the new year. The great leader President Kim

Il-song—who provided a sagacious analysis of the new situational demands in developing the reunification movement and the fellow countrymen's aspiration for reunification—elucidated a programmatic task in his New Year's address this year for all the compatriots at home and abroad to wage a pannaational struggle in firm unity under the banner of great national unity in order to bring forth a new phase for the country's reunification this year. Prior to this, last year, he brought forth a 10-point program for the great unity of the whole nation for the country's reunification, which is a great political charter for national unity.

A weighty but honorable task has now been set for the North side headquarters of Pomminnyon to wage a more vigorous movement for great unity of the whole nation by giving impetus to the ardent aspiration and will of all fellow countrymen for national unity and reunification, upholding the 10-point program for the great unity of the whole nation for the country's reunification. Some time ago we designated this year a year of great national unity based on the proposal made by the overseas headquarters of Pomminnyon, and announced at home and abroad that all the activities of Pomminnyon will be concentrated on the realization of the great unity of the whole nation.

I declare once again the resolve of the North side headquarters of Pomminnyon to brilliantly realize, in cooperation with all the other Pomminnyon organizations at home and abroad, the 10-point program for the great unity of the whole nation for the country's reunification and make this year a year of great national unity and a year of opening a new phase for the country's reunification so that we may realize the country's reunification in the 1990's without fail.

In the future, we will explain, publicize, and implement the 10-point program for the great unity of the whole nation taking advantage of all of Pomminnyon's activities so as to actively inspire all fellow countrymen to defy all differences of political opinion, religion, party faction, and position to rise nationwide and unite as one in the movement for the country's reunification.

Many obstacles and difficulties remain on the road of our struggle against national oppression and for reunification. Trying to maintain colonial division system infinitely by relying on outside forces, the present South Korean rulers began aggravating tensions between the North and the South from the beginning of the new year by scheming large-scale war exercises, including the Team Spirit joint military exercise aiming at the North, and by wielding the national security law which defines fellow countrymen as the enemy, to intensify suppression of South Korean pro-reunification patriotic forces, including Pomminnyon-related figures.

Furthermore, the South Korean authorities did not hesitate to commit criminal acts against human ethics a few days ago. Citing absurd reasons and pretexts, they blocked the Seoul visit of the group of mourners from the

North side who had wanted to pay their respects to the late Rev. Mun Ik-hwan, whose whole life was spent devoted to reunification and patriotism and who fought at the fore for the formation of the South side headquarters of Pomminnyon.

The maneuvers of the Kim Yong-sam group, which schemes confrontation and division and goes against the fellow countrymen's desire for reunification, are by far more crafty and atrocious than those of previous military dictators.

Fellow countrymen in South Korea and abroad from all walks of life are raising their voice of rage and denunciation against the South Korean Kim Yong-sam group which wears a so-called civilian mask.

In the future, we will not tolerate any legal and institutional devices as well as antireunification force's maneuvers that put a brake on the great national unity. We will especially designate forces that attempt to designate Pomminnyon, the mother body of great national unity, as being heretical, and that attempt to destroy or disintegrate it by outlawing its activities, as the enemy of the nation obstructing the country's reunification and national unity, and will wage a staunch struggle to remove it.

We strongly demand that the present South Korean authorities who have persistently blocked the formation of the South side headquarters of Pomminnyon, to promptly stop their traitorous acts and positively ensure Pomminnyon's pro-reunification and patriotic activities.

As in the past, our North side headquarters will continue in the future to actively support and root for the just struggle of the South side Pomminnyon-related figures to carry out legitimate Pomminnyon activities in South Korea and will vigorously and continuously carry out pro-reunification and patriotic activities by strengthening solidarity with all Pomminnyon organizations at home and abroad.

No one can block the Pomminnyon's grand march toward reunification which bears the whole nation's aspiration for reunification. Marking the fifth year of the nineties, we can no longer abide by the tragedy of national division brought about by outside forces.

I ardently call on the 70 million fellow countrymen in the North, South, and overseas, to join Pomminnyon in stepping up the grand march toward reunification under the banner of great national unity.

Various Units Fulfill January Economic Targets
SK2601132894 Pyongyang KCNA in English 1124
GMT 26 Jan 94

[Text] Pyongyang January 26 (KCNA)—January assignments of the national economy have been fulfilled by different units in Korea.

The state fisheries commission beat its January fishing target on Jan. 10 to be followed on Jan. 22 by the East Pyongyang thermal power plant, Nampo port, the Pyongyang children's garment factory, the Potonggang garment factory and other units.

The East Pyongyang thermal power plant topped the daily quota of the month, set far higher than last year, by 20 to 30 percent.

The Amnok River transport station overfulfilled the monthly cargo transport plan by 20 percent on Jan. 17. The Pyongyang silk mill beat the monthly goal on Jan. 25.

An increasing number of units fulfil the monthly assignments ahead of schedule amidst the revolutionary enthusiasm of the working people to record the first year of the period of adjustment with proud achievements.

Pyongyang Alcohol Plant's Exports on Increase

*SK2701035794 Pyongyang Korean Central
Broadcasting Network in Korean 1200 GMT 25 Jan 94*

[Text] Upholding the party's trade-first policy, the Pyongyang Alcohol Plant has begun exporting its products. The plant's exports, comprising local specialties including Pyongyang soju, have attracted great interest and attention since their appearance in overseas markets. A publication in a certain Southeast Asian country introduced the plant's products as famous and popular. To meet the ever-increasing international demand, the plant reached its January export production goal ahead of schedule on 20 January, and it continues to accelerate production for export.

Clothes Production for Export Said Increasing

*SK2701082994 Pyongyang Korean Central
Broadcasting Network in Korean 1200 GMT 25 Jan 94*

[Text] Unha Trading Combined General Bureau, upholding the great leader's New Year's speech, is implementing the trade-first policy and vigorously accelerating production. It has set a high target to increase its exports fourfold this year. The Combined General Bureau is increasing the processing volume of clothes for export while improving the product quality and is establishing active measures to continuously increase export volume.

Workers and technicians of many clothes plants of the Combined General Bureau, including Tongdaewon Cloth Plant, Songyo Cloth Plant, and Hadang Cloth Plant, have advanced in the implementation of the trade-first policy, and have achieved innovations in production day after day and have overfulfilled their daily targets every day.

Construction of Self-Reliant Economy Stressed

*SK2701094194 Pyongyang Korean Central
Broadcasting Network in Korean 0200 GMT 27 Jan 94*

[From the "Ray of Chuche" program: "The Invincible Vitality of the Line for Building a Self-Reliant National Economy"]

[Text] Our party has persistently adhered to the line of building a self-reliant national economy. Our party's line for building a self-reliant national economy is the embodiment of chuche ideology in economic construction and is a policy for building an economy that is not subjugated to others, but marches by itself, serves its people, and develops with its own country's resources and the might of the people.

It is not easy to implement the line for building a self-reliant national economy. Our people had to build the economy anew on an empty field where everything was destroyed and have firmly adhered to the line for building a self-reliant national economy even under the circumstance of carrying on socialist construction while constantly facing the imperialists' invasion threat.

The dear leader Comrade Kim Chong-il is wisely leading us today to firmly maintain the line for building a self-reliant national economy, even while socialist construction is progressing at a high level. The dear leader Comrade Kim Chong-il has pointed out: Only when we build a self-reliant economy that marches by itself based on modern technology, can we firmly guarantee an independent and creative working and material lifestyle for the people, achieve chuche in ideology, independence in politics, self-reliance in defense, and strengthen the country's independence.

We cannot think of the great results and victory achieved in revolution and construction by our people in recent years without the dear comrade leader's wise leadership in the implementation of the line for building a self-reliant national economy.

The line for building a self-reliant national economy is vigorously displaying its correctness and vitality in our country today. The invincible vitality of our party's line for building a self-reliant national economy is represented, above all, by the fact that the country's political independence is firmly defended.

Political independence is the very life of a sovereign and independent country. Such important political independence is guaranteed by a self-reliant national economy. A self-reliant economy is a material guarantee for achieving political independence.

The serious situation in which socialism was recently frustrated in many countries shows that political independence cannot be achieved without a self-reliant economy. These countries were economically bound to big countries because they failed to build a self-reliant economy earlier, and as a result, they could not establish

self-reliance in every aspect, but kept following others' modifications, thus spoiling the revolution.

Under the wise leadership of the party and the leader, our people have always firmly defended political independence by building a self-reliant national economy. It is our party and people's firm stance and will that we cannot concede national dignity and interest to anyone and that there is nothing to be afraid of.

Thanks to the strong and self-reliant economy, our party and people are able to independently establish a line and policy in conformity with our own demands, implement with our own might, and exercise the rights as an independent country in a dignified manner with complete equality and sovereignty in the international arena.

The invincible vitality of our party's line for building a self-reliant national economy lies in the fact that it ceaselessly strengthens the country's material and technological base and accelerates economic development at a high speed. To strengthen the country's material and technological base and to guarantee a high speed in the country's economic development is to build a self-reliant national economy.

Only when we build a self-reliant economy can we develop a stable economy at a high speed and ceaselessly strengthen the country's material and technological base under all circumstances.

Because the South Korean economy is a colonial subordination economy heavily relying on outside technology and resources, its base is weak and it is deteriorating into a bubble economy that is empty inside. By contrast, our economy is a powerful economy that enables us to live by our own efforts under all circumstances. The material and technological base of a self-reliant national economy built with our people's own power is very superior and continues to be consolidated.

Modern plants and complexes are being built, and numerous monumental creations, such as the magnificent and splendid Sohae Lock Gate and Kwangbok and Tongil Streets, are being set up in our country. This clearly proves the superiority of our self-reliant economy.

Thanks to powerful self-reliant economy, our party and our people, under all circumstances, are rapidly developing an economy based on a self-reliant economy.

The imperialists and reactionaries are now persistently resorting to the political, military pressure and economic blockade to isolate and stifle our Republic, which is advancing under the uplifted banner of socialism. With the collapse of the socialist market of the world, we are faced with a new obstacle in external economic relations. Because there is a firm self-reliant national economy built with our own efforts, our people are developing an economy with initiative.

Industrial output increased 50 percent and the average annual growth of industrial output reached 5.6 percent

during the Third Seven-Year Plan. This clearly shows how rapidly our self-reliant economy continues to develop. The invincible vitality of our party's line for building a self-reliant national economy lies in the fact that it consistently promotes the people's standard of living and fully displays the superiority of socialism of our style.

The basic purpose of socialist economic construction is to promote the people's standard of living. In order to fulfill this purpose, socialist construction should be done on the basis of self-reliance.

Only a self-reliant economy can satisfactorily guarantee the people's increasing demand for goods and culture and can highly display the superiority of the socialist system. It is a matter of course that the people are not ensured with basic goods and cultural conditions in capitalist countries where economic activities only benefit the few of the privileged class, and in the countries where economic life is thoroughly dependent on monopolistic foreign capitalists. In our country, all the people choose occupations according to ability and propensity and enjoy life and happiness, free from any worries over clothes, food, and shelter.

Our people are enjoying goods and cultural life under the benevolence of communism, such as free medical care and free compulsory education given by the party and the state. This is the true aspect of our society.

In this way, in our country, the people's standard of living is getting higher as days go by and the superiority of socialism is fully displayed. These are unthinkable apart from our firm self-reliant national economy.

Thanks to our country's superior self-reliant economy, the party and the state ensure happy life for the people. All of these facts clearly show the superiority of socialism of our own style to capitalism and are a proud reality brought forth by a self-reliant national economy.

Today we are faced with the honorable, yet heavy, task to thoroughly carry out the revolutionary economic strategy set forth by the party. Only when the party's economic strategy is brilliantly implemented can the superiority of a self-reliant national economy be further strengthened and a new upturn be registered in the people's standard of living and socialist construction.

All party members and working people, under the wise leadership of the party and the leader [suryong], should firmly adhere to the line for building a self-reliant national economy and thoroughly carry out the revolutionary economic strategy set forth by the party.

Daily Stresses Value of 'Single-Hearted Unity'
SK2601114094 Pyongyang KCNA in English 1114
GMT 26 Jan 94

["Single-Hearted Unity, Banner of Victory in Our Revolution"—KCNA headline]

[Text] Pyongyang, January 26 (KCNA)—The banner of single-hearted unity is a banner of victory under which our people firmly defend their revolutionary faith and the socialist principle and vigorously advance along the road of socialism already chosen by them, says NODONG SINMUN in a by-lined article today.

The article quotes the great leader Comrade Kim Il-song as saying in his New Year address:

"Single-hearted unity and self-reliance are the imperishable, glorious traditions of our revolution and our banner of victory."

It goes on:

Single-hearted unity of our revolutionary ranks is the most durable and mighty one centering on the dear leader Comrade Kim Chong-il.

The single-hearted unity is, first of all, the source of the powerful strength which makes it possible to dynamically advance the cause of socialism holding the illustrious leader in high esteem with loyalty.

In our country today all the people are holding the dear leader Comrade Kim Chong-il in high esteem with faith and sense of obligation and vigorously advancing with the conviction of victory and optimism that we will win certainly because he is leading us.

The whole party, all the people and the entire Army move as one under the unitary leadership of the dear leader Comrade Kim Chong-il and the revolutionary work system of unconditionally implementing the idea and lines of the leader has been established in the whole party and the whole of society.

Thanks to the unbreakable unity of the leader and the people in one mind the socialism of our own style has inexhaustible might to make a victorious advance, breaking through rigorous ordeals and trials.

Single-hearted unity of our ranks around the illustrious leader is also a powerful weapon in braving all the challenges and obstructive moves of the imperialists and the reactionaries and firmly defending the cause of socialism of our own style and a mighty motive force for the development and prosperity of the country. When a grave situation was created in the way of our revolution last year, our people and the officers and men of the People's Army decisively shattered the challenge and aggression moves of the enemy and effected a great upswing in socialist construction, united firmly behind the illustrious leader, holding a rifle in one hand and a hammer or sickle in the other hand, thus fully demonstrating the dignity of the country and the heroic stamina of our people.

The might of the single-hearted unity of our ranks around the illustrious leader firmly convinces our people that they can defend and accomplish the cause of socialism of our own style, not wavering in any storm.

In the period of the Third Seven-Year Plan great difficulties and obstacles were laid in economic construction owing to the unexpected international events and the acute situation created in our country. But our people, upholding the slogan that when the party is determined, we can do anything, pushed on with the socialist construction and increased the economic independence of the country and its might in every way. This proud victory was a great demonstration of our single-hearted unity.

Our party put forward the militant tasks to secure a new base for reaching higher levels of socialism by carrying through the revolutionary economic strategy of the party in the period of three-year adjustment.

The victorious advance and accomplishment of the cause of socialism of our own style depend on how to defend single-hearted unity, the banner of great victory in our revolution.

Our people are not a people who will abandon the banner of faith, the banner of single-hearted unity they have already upheld, no matter what others may say, and not a people who will take another road, yielding to any pressure or threat.

South Korea

Government Reacts to Patriot Deployment Plan

SK2701030494 Seoul YONHAP in English 0251 GMT
27 Jan 94

[Text] Seoul, Jan. 27 (YONHAP)—The government maintained Thursday that the likely decision to deploy U.S. Patriot anti-missile batteries in South Korea was long planned by Seoul and Washington and is unrelated to the current situation on the Korean peninsula.

Some, including the opposition camp, are anxious and tense over the decision's impact on negotiations on the North Korean nuclear problem and the threat of an attack.

Government officials said Seoul has long asked the Pentagon to send the defensive antimissile batteries and that the decision is unrelated to North Korea's suspected nuclear program, but voiced worries over possible tension on the Korean peninsula because of the move.

Chongwadae [presidential offices] confirmed Wednesday's foreign press reports on the plan, saying it was long worked out and is just being materialized now and has no connection to the current situation on the Korean peninsula or the nuclear negotiations.

Washington is looking into the delivery now in time with its withdrawal of the missiles in Europe, a presidential aide said, adding that linking the matter with the North Korean nuclear issue was seriously wrong.

The Patriot system, which emerged as a hero in the Gulf war, is designed to protect airfields by knocking incoming missiles off course or destroying them in the air.

Another presidential aide said deployment of the Patriot missiles is just a defense for South Korean air and sea ports, adding that he is worried that Pyongyang might "abuse" Seoul's decision.

Without openly opposing the move to improve national security, the Foreign Ministry cautiously expressed worries at a possible negative effect on ongoing negotiations on nuclear inspections between Pyongyang and the International Atomic Energy Agency (IAEA).

A Foreign Ministry official said he had heard the Pentagon's idea met little opposition from the State Department, but that Washington is looking at it positively because it cannot deny a request from the senior U.S. commander in Korea.

Foreign press reports say that Gen. Gary Luck, chief commander of American forces in Korea, made the suggestion, which is likely to be approved by President Bill Clinton.

"How can we (Seoul) oppose it when the U.S. Government has approved the plan?" asked the official.

A second Foreign Ministry official said that there was a small possibility that U.S. arms dealers had some say on the issue, it will cause a controversy if Washington asks Seoul to buy Patriot missiles later.

In recommending the move, Luck said that Patriot anti-missile batteries were necessary for the safety and security of the South Korean population.

But there are arguments that the Patriot system, which takes quite a time to launch its anti-missile missiles, is ineffective on the Korean peninsula because of the many mountains and short distances involved.

Some observers say they suspect Washington's motivation in selling the anti-missile batteries to Korea when they proved poor at shielding large populated areas from attack in the Gulf war. [sentence as received]

Lawmakers are keeping a wary eye on the reported U.S. plan to deploy Patriot missile batteries in South Korea in view of the cost requirements, though they expect that the advanced system, once deployed, to counter-balance North Korea's nuclear weapons development program.

Chong Chae-mun, chairman of the assembly foreign affairs and national unification committee, is for deployment of the system but says that the Patriot batteries should be removed when North Korea is cleared of nuclear suspicion.

Rep. So Su-chong, DLP [Democratic Liberal Party] defense committee manager, says the effect on North Korea's nuclear development program is important and

the anti-missile missiles will have the effect of pressing North Korea to give up its nuclear weapons development program.

Rep. Kwak Yong-tal (DLP) calls for a cautious approach to the issue, saying the government should take into full consideration the economic burden of deployment and maintenance of the Patriot batteries.

Rep. Kang Chang-song (DP) [Democratic Party] agrees to short-term deployment but wants an in-depth study of the political and strategic aspects of the presence of these anti-missile systems in the country and of the cost.

His party's position is more cautious, with the DP saying the deployment of Patriot missiles in South Korea may provoke North Korea.

Rep. Cho Sun-sung, chairman of the DP national unification and international relations committee, is worried that the presence of the missiles in South Korea may provoke Pyongyang to downgrade its relations with Seoul from bad to worse.

It is desirable to make a decision on this issue after the International Atomic Energy Agency takes action on the North Korean nuclear issue in its Board of Governors meeting slated for Feb. 21, because the Patriot missile deployment issue is closely related to the North Korean nuclear issue, he says.

The Patriot missile deployment plan may be considered an expression of Washington's firm stance on the North Korean nuclear issue, he adds.

Rep. Yim Pok-chin (DP) says the government should approach the issue guardedly because deployment of Patriot missile batteries in relation to North Korea's nuclear development program may upset Pyongyang.

Rep. Chong Tae-chol (DP) says he is worried about the proposed Patriot missile deployment in the country because it is based on North Korea's development of nuclear warheads. He also doubts the Patriot's effectiveness, quoting a report of the South Korean joint chiefs of staff as saying Patriots are not effective in intercepting North Korea's Scud missiles.

Defense Ministry Cited

SK2701010594 Seoul HANGYORE SINMUN in Korean
27 Jan 94 p 1

[Text] The Defense Ministry, in connection with rumors regarding the deployment of Patriot antimissile batteries, said "it seems that the U.S. Army is positively reviewing plans to ship defensive antimissile batteries to the ROK as part of the plan for U.S. Forces in the ROK."

The Defense Ministry, however, said that "there has been no discussion or agreement yet on the timing and scale of the deployment of Patriot antimissile batteries," and added that "the ROK and the United States will, in the future, closely confer on the issue."

Patriot Missile's Benefits Examined*SK2701055594 Seoul HANGUK ILBO in Korean 27 Jan 94 p 5*

[Article by Yi Chin-hui]

[Text] Signs of change are appearing in the U.S. defense policy for the Korean peninsula.

Testifying before the U.S. Senate Information Committee meeting on 25 January, CIA Director Woolsey said that the United States has sent and begun operations for a U.S. national intelligence support team on the Korean peninsula. The NEW YORK TIMES then reported that the United States will deploy Patriot missiles, commonly known as the "missile-killing missile," for the U.S. Forces in the ROK.

These moves are surfacing at a time when the U.S. Congress, which began its new session on 25 January, deliberates over a new U.S. defense policy toward the ROK, including further withdrawal of U.S. ground forces. These moves particularly draw our attention because they show that the U.S. defense policy is taking into account North Korea's nuclear issue which is expected to be resolved sometime early this year.

In accordance with the so-called "Bottom-up" plan of comprehensively reviewing post Cold-War U.S. defense policy, the U.S. Forces in the ROK submitted a report to the Department of Defense in November last year meticulously analyzing their defense capabilities, problems, and complementary measures. In the report, the U.S. Forces in the ROK noted a problem in the combat deployment of reinforcements from the U.S. mainland in the event of war on the Korean peninsula, and stressed a need for supplementary measures to cut off the enemy's spearhead of attack.

Therefore, the strengthening of intelligence capabilities of the U.S. Forces in the ROK and the request for the deployment of Patriot missiles must have some bearing on this operational review. In particular, in the event of punitive military action against the North with North Korea's continued rejection of nuclear inspections, the Patriot missiles will be a unique military countermeasure to North Korea's Nodong-1 and Nodong-2 missiles. Even if the United States does not wage a direct military attack on North Korea, the presence of Patriot missiles can serve as a strong message on U.S. resolve to settle the North Korean nuclear issue.

However, whether the deployment of the Patriot missiles can effect the success the United States desires is doubtful. The Patriot missiles were deployed for an actual war in 1984. Since they were first put to use in an actual war during the Gulf war, much has been said about their efficiency. While some evaluated the Patriot missile positively as a "ghost-catching missile," many people have pointed out that the Patriot missile's target-hitting accuracy is only about ten percent and that there are many problems in removing shell fragments.

Whether the deployment of the Patriot missiles is suitable for the Korean peninsula's ground configuration should be reviewed. Some military experts hold that due to the lack of battlefield depth with Seoul less than 40 km away from the Armistice Line, the efficiency of the Patriot missile's air interception rate will not reach that of the Gulf war.

U.S. intentions on enforcing the deployment of Patriot missiles in the ROK is somewhat doubtful as the deployment of Patriot missiles can aggravate tension between North and South Korea at a time when U.S.-North Korea nuclear negotiations are nearing conclusion and nuclear negotiations between the International Atomic Energy Agency (IAEA) and North Korea are in progress. Furthermore, some point out that the deployment of Patriot missiles may be part of a "sophisticated sale strategy" of the Clinton administration aimed at handing over the Patriot missiles to the ROK Army following their deployment in the ROK by U.S. Forces. This claim by military experts is not entirely groundless when considering the Patriot missile system's price of \$150 billion (120 billion won) and their narrow foreign market.

Apparently, the inauguration of a U.S. national intelligence support team in the ROK derives from the U.S. policy to augment the intelligence-gathering capacity of U.S. Forces in the ROK as well as from their assessment that North Korea's nuclear issue is more serious than previously thought. In a testimony to Congress, Director Woolsey said that North Korea possesses enough plutonium to produce at least one nuclear bomb and that it has acquired the technology to load nuclear bombs on MiG-23 planes. This warrants the collection and analysis of more accurate and precise intelligence on the suspicion of North Korea's nuclear development.

In particular, the importance of appraising and analyzing intelligence on the Korean peninsula is more actually felt when considering the fact that U.S. aerial photographs provided the intelligence on North Korea's two unreported nuclear facilities which caused North Korea to withdraw from the Nuclear Nonproliferation Treaty.

DPRK, U.S. To Exchange Data on War Remains*SK2701085094 Seoul YONHAP in English 0844 GMT 27 Jan 94*

[Text] Seoul, Jan. 27 (YONHAP)—North Korean and U.S. scientists and technicians met at the Neutral Nations Supervisory Commission (NNSC) office in the truce village of Panmunjom on Wednesday and agreed to exchange technical information on the remains of U.N. Forces listed as missing or killed in the Korean war (1950-53), a United Nations Command spokesman said Thursday. It was the first meeting between the two to discuss returning and identifying the remains of U.N. Forces killed in the Korean war, the spokesman said.

The contact has aroused widespread interest as the North Korean nuclear problem is nearing resolution, although the return of remains is a humanitarian matter. The two agreed to continue to meet to exchange technical information whenever necessary and to discuss forming a joint North Korea-U.S. investigation team.

More than 10,000 U.N. soldiers are listed as dead or missing in the Korean war. Although 194 purported sets of remains have been returned by North Korea, there has been little progress in identifying them.

U.S. To Deny Ex-Presidential Aide Residency

*SK2701012894 Seoul YONHAP in English 0117 GMT
27 Jan 94*

[Text] Washington, Jan. 26 (YONHAP)—The U.S. State Department confirmed Tuesday that Kim Chong-hwi, a former senior secretary to President No Tae-u, has applied for permanent residency in the United States. Washington will accept Seoul's request that it not issue Kim a residence permit, a senior official at the South Korean Embassy said Tuesday.

The State Department notified the embassy that Kim has applied for a resident's permit and said that it will deal prudently with the application by Kim, who is suspected of taking bribes related to Korea's military build-up program, the official said.

"It will take a little time for us to receive an official confirmation from the U.S. State Department, I guess," he said. "But it is clear that Kim did not ask for political asylum in the United States."

The Korean Government has explained to the U.S. Government that Kim is wanted for prosecution in Seoul and has asked it to deal cautiously with any application to extend his visa or for a residence permit, according to the official.

"The U.S. reaction was that it will make a decision on the problem through prudent internal discussion," he said.

In the notification, the State Department did not reveal the date, place or content of Kim's application, but embassy officials think it was made this year.

Kim went to Washington as a guest researcher at the Heritage Foundation in April last year and stayed when he was implicated in irregularities in the Yulgok (military modernization) project.

Australian Minister Interviewed on DPRK Ties

*SK2701084394 Seoul YONHAP in English 0828 GMT
27 Jan 94*

[Text] Seoul, Jan. 27 (YONHAP)—Australia has been holding informal and tentative discussions with North Korea on renewing diplomatic relations at Pyongyang's initiative, Acting Australian Foreign Minister Gordon Bilney said Thursday. But there were three conditions to

taking the talks further, he said in an exclusive interview with YONHAP News Agency.

"...There are a number of conditions... Including exclusive adherence to International Atomic Energy Agency (IAEA) safeguards, a resolution of its difficulties with the South Koreans, and progressing its relations with the United States," Bilney said in a written interview relayed through the Australian Embassy here.

The talks were held "in recent weeks in Southeast Asian capitals," according to Bilney.

"We're not acting alone—we're not going solo on any particular initiative," he said, adding that Australia is officially conferring with the concerned parties such as the United States and South Korea.

Canberra and Pyongyang established diplomatic relations in July 1974 but North Korea unilaterally closed its mission in Australia in October 1975, when Canberra backed South Korea's bid for membership in the United Nations. Australia followed suit one month later.

"The fact is that the initiative did come from North Korea," Bilney said when asked who took the first step.

Australia chose to play a part in talking with North Korea, Bilney said, because of his country's role in the region and Australia's position as chairman of the IAEA Board of Governors.

Asked about possible advantages in reopening ties with North Korea, he said, "I think it's far too early to speculate about those things."

Navy Rescues Two Men From Drifting DPRK Boat

*SK2701064794 Seoul YONHAP in English 0627 GMT
27 Jan 94*

[Text] Seoul, Jan. 27 (YONHAP)—Two unconscious men were rescued from a drifting North Korean boat 5 miles off Paengnyong-do Island in the West Sea by South Korean naval ships on Thursday morning, a Navy spokesman said. The pair, who appear to be North Koreans in their 20s, have been hospitalized. If they regain consciousness, they will be given the option of returning to North Korea or remaining free in the South. The 1-ton ship, 1.5-meters long and 3.5-meters wide, seems to be from Yuk-to Island and was towed to Paengnyong-do, the spokesman said.

North's Food Production Estimated Down 9%

*SK2701074594 Seoul YONHAP in English 0734 GMT
27 Jan 94*

[Text] Seoul, Jan. 27 (YONHAP)—The South Korean Government has estimated North Korea's foodgrain production last year at 3.88 million tons, down 9 percent from 1992.

The Rural Development Administration said in a report on North Korean food production in 1993, released Thursday, that the Communist country is reckoned to have suffered a 34-percent decrease in rice production to 1.32 million tons, a 51-percent drop in corn production to 1.96 million tons and a 15-percent fall in production of other grains to 600,000 tons. The report attributed North Korea's sharp foodgrain production decrease last year to the unusually cold summer and said the North Korean people would suffer from the worst food shortage since the early 1980s.

Estimating North Korea's foodgrain demand at 6.67 million tons this year, the report said the internationally isolated society's shortage in the coming year would be no less than 2.79 million tons.

Opposition Leader Urges North-South Summit

SK2701100394 Seoul YONHAP in English 0624 GMT 27 Jan 94

[Text] Seoul, Jan. 27 (YONHAP)—Retired opposition leader Kim Tae-chung, now chairman of a high-profile research Institute, called for an early inter-Korean summit Thursday, saying such a meeting would be a "success in itself." The summit may well come this or early next year after a series of inter-Korean exchanges across all sectors, after which the United States, Japan and other Western nations could improve relations with North Korea, he said.

"The summit between the rulers of South and North Korea, President Kim Yong-sam and leader Kim Il-sung, must be realized as soon as possible," Kim said in his keynote speech inaugurating his peace foundation for the Asia-Pacific region.

"They must have the sense of spirit that a nation is the most important of all and erase misunderstanding and distrust to open the way for reconciliation and cooperation," he said.

The very fact of the two leaders meeting some 50 years after national division would be a dramatic event, a monumental success, said Kim.

People must solve all pending issues between them as fellow human beings of the same nation once the nuclear problem is resolved, Kim said, neighboring countries can only cooperate, not lead the Korean reunification process.

Inter-Korean exchanges should start with possible economic tieups, then build up to family reunions, cultural and social exchanges, Kim suggested.

"Peaceful coexistence requires continuous arms reduction and scrupulous inspection," said Kim. "It's important to create the conditions for peaceful coexistence and national reconciliation through these measures instead of military confrontation."

Ministry To Draft Reunification Legislation

SK2601020794 Seoul THE KOREA TIMES in English 26 Jan 94 p 3

[Text] The government will draft a special legislation by the end of this year to cover various issues relating to the reunification of South and North Korea, including solutions to disputes over property rights.

It will also establish a special task force to streamline the nation's legislation to deal with international regulations in the aftermath of the conclusion of the Uruguay Round negotiations of the General Agreement on Tariffs and Trade (GATT).

The judicial agenda for this year was contained in a report submitted yesterday by Justice Minister Kim Tu-hui to President Kim Yong-sam at Chongwadae.

In the report, Minister Kim said that there is an implicit need for establishing criterion by which legislation can be respected and adopted by the citizens of South and North Korea alike.

He noted that there will be a wide range of problems resulting from the reunification of the divided country and due process needs to be initiated in advance to deal with them effectively.

Not only are the existing laws of South and North Korea widely different as far as they are known, guidelines to cover special problems relating to reunification, such as disputes over properties, should be constructed in advance although it remains to be seen when they will be applicable.

He also said his ministry is looking into the need and possibility of setting up border control offices to monitor the movement of residents from either side after the national division comes to a close.

Along these lines, Kim told the Chief Executive, the Justice Ministry will study the German unification as a model to adopt aspects which are seen as applicable and beneficial.

On the crime side, the minister explained that the existing 16 task forces at prosecutor's offices on environmental and health violations will be reinforced throughout the country.

Kim said the ministry has already fortified a 24-hour investigative system to deal with four of the most violent crimes including organized crime, narcotics and human trafficking.

As far as international issues are concerned, he emphasized the need for stationing judicial cooperation attaches in organizations like the United Nations and countries like Switzerland and China in addition to those now existing in the United States and Japan.

He said close cooperation will be maintained with government officials stationed at missions in foreign countries to collect the latest judicial information, evaluate it and make it available to domestic organizations.

"With the conclusion of the Uruguay Round, it is critical that prosecutors and lawyers specializing in international law be fully utilized to exercise global influence," Kim elaborated.

Meanwhile, the Justice Ministry has begun to realign investigations on environmental crimes such as the recent contamination of the Nakdong River with harmful chemicals and human and livestock wastes.

Minister Kim said environmental issues are critical to the quality of life and that investigations and punitive actions will be initiated from the viewpoint of protecting the health and rights of the public.

PRC Paper Says DPRK, PRC To Develop Port

SK2601073894 Seoul YONHAP in English 0651 GMT 26 Jan 94

[Text] Hong Kong, Jan. 26 (YONHAP)—Pyongyang and Beijing have agreed to jointly develop Chongjin port in northwestern North Korea, and build a road and at least two hotels in the city, the DAGONG BAO newspaper reported Wednesday.

The pro-Beijing daily, in a report from Changchun City in Jilin Province, called the agreement a measure to accelerate the birth of a northeast Asian economic triangle centered on the Tuman River.

The triangle runs from Chongjin port in North Korea to Yanji City in China and Vladivostok in Russia—all near the Tuman River.

The United Nations Development Program (UNDP), South and North Korea, China, Russia and Japan are trying to develop the Tuman River basin as a special economic zone.

The state-run Yanji Trading Co. of China has, in a series of contacts with North Korea, agreed to invest 370 million yuan (37 million U.S. dollars) in joint development of Chongjin.

When the project is completed, South Korean, Taiwanese, U.S., Japanese and Hong Kong ships will be allowed to call at the port, the paper said.

It did not reveal the amount of investment by North Korea.

Under the agreement, Yanji will jointly develop the port with North Korea, build a 95km-long road between Chongjin and Hoeryong and erect a hotel with a floor space of 30,000 square meters.

The paper said that the joint development will greatly increase the berth and cargo handling capacity of

Chongjin port and promote economic cooperation and trade between northeast Asian countries.

Lifting of PRC Travel Restrictions Considered

SK2701010894 Seoul THE KOREA HERALD in English 27 Jan 94 p 3

[Text] The government is considering lifting all restrictions on travel to China as early as next month, informed sources said yesterday.

Vice Foreign Minister Hong Sun-yong is to preside over a meeting of working-level officials from the Foreign, Home, Justice, Transportation, Trade, Industry and Energy, and Finance ministries and the Agency for National Security Planning next week to decide on the liberalization, the sources said. An inter-ministry meeting in November last year agreed on the need to liberalize travel to China during 1994, they said.

"There is no particular objection from the concerned ministries so the decision will probably be made at next week's meeting," an official said.

Under a prime ministerial decree, the basic guidelines for cooperation and exchange with the so-called "northern" countries, government permission is currently required to visit China.

If a decision is made to liberalize travel to China, the basic guidelines will be amended so that Cuba, Laos and Cambodia will remain classified as "specific countries." Government permission for travel to those countries is given only on the basis of invitations from the countries.

KFTA Notes Exports to Japan Rise 1% in 1993

SK2601092794 Seoul YONHAP in English 0807 GMT 26 Jan 94

[Text] Seoul, Jan. 26 (YONHAP)—South Korea's exports to Japan rose a disappointing 1 percent in 1993 amid signs of its market share declining, the Korea Foreign Trade Association (KFTA) said Wednesday. Korea had exports of 11.69 billion U.S. dollars and the lowest growth rate of the nine east Asian countries except for Hong Kong, which registered a 2.8-percent fall. Korean market share declined 0.1 percentage points to 4.9 percent. It was 4.2 percent in 1986 and since then had stayed above 5 percent.

China's exports rose 21.3 percent, the highest rate of the nine countries, because of price competitiveness and increasing foreign investment. Beijing's share jumped from 7.3 percent to 8.5 percent.

Singapore had 16.3 percent growth on the strength of electronic parts and Malaysia was at its elbow with 16.2 percent as Japanese companies are expanding their investments.

Ministry To Sell Off Overseas Envoy's Homes*SK2701013494 Seoul YONHAP in English 0101 GMT
27 Jan 94*

[Text] Seoul, Jan. 27 (YONHAP)—The Foreign Ministry will sell some ambassadorial residences to quieten criticism that diplomats are living in luxury, starting in the European Union and in Saudi Arabia, officials said Thursday.

The ambassador's residence in Bonn, purchased in October 1984 for 2.4 million U.S. dollars, sprawls over 5,500 pyong. The house will be put out on the market in the first half of the year at an asking price of 3 million dollars.

Other residences in the European Union and Saudi Arabia will be sold after the real estate market picks up, officials said.

The ambassador's residence in Brussels, a 400-pyong building standing on 15,000 pyong of land, was bought for 3.7 million dollars in May 1989 but the current market price is 2.5 million dollars.

The residence in Saudi Arabia stands on 3,100 pyong. It has been renovated and has a value estimated at 7.56 million dollars, but its sale is complicated by the fact that the house is within the diplomatic complex, the officials said. The ministry had ambitiously sought to increase its overseas assets, reasoning that owning the residences of mission chiefs would save money in the long run.

"We received much criticism during a National Assembly hearing last year that made us reconsider this plan," an official said.

Renovation of the official residence for the ambassador to the United Nations, recently purchased for 10.83 million dollars, was budgeted at 5 million dollars but will be cut by more than 1 million dollars.

First Resident Ambassador to Israel Appointed*SK2701103294 Seoul YONHAP in English 0656 GMT
27 Jan 94*

[Text] Seoul, Jan. 27 (YONHAP)—The government appointed former Assistant Foreign Minister for Political Affairs Sin Ki-pok ambassador to Canada in a reshuffle of 16 posts Thursday.

Kim Kyong-chol, previously assistant minister for planning and management, was named envoy to Indonesia and Kwon Pyong-hyon, a former assistant minister for policy planning, was appointed ambassador to Australia.

Ambassador in charge of international cultural cooperation Ko Chang-su was named new mission chief to Pakistan while Pak Tong-sun was selected as South Korea's first resident ambassador to Israel.

Hong Sun-yong, ambassador to the United Arab Emirates, relocates to Panama.

Chong Ki-ok, senior executive to the Taejon Expo Organizing Committee, goes overseas as ambassador to Poland while Kim Tong-ho, minister at the embassy in Paris, moves to Morocco as mission chief.

Other appointees include Cho Kap-tong, a research officer at the Institute for Foreign Affairs and National Security (IFANS), who goes to Colombia and O Chung-il, director-general for consular and Overseas Residents Bureau, who takes the helm in Jordan.

Kwon Chan, ambassador for international relations dispatched to Pusan, assumes the post of ambassador to Kuwait and Pyon Chong-kyo, director-general for Middle East and African Affairs Bureau, was designated ambassador to Bangladesh.

Kum Chong-ho, director-general for International Organizations Bureau, changes posts to mission chief in the United Arab Emirates.

Choe Kwang-sik, dispatched to the National Defense College, goes to Brunei while Kim Sang-chol at IFANS moves to Bolivia.

Yi Chong-mu, ambassador to Kuwait, relocates to Japan as minister.

Data System To Facilitate Processing for Traders*SK2601023694 Seoul THE KOREA HERALD in
English 26 Jan 94 p 8*

[Text] Trading firms can now save their employees ritual trips to banks with yesterday's opening of the data system allowing foreign exchange paperwork to zip through. The new Electronic Data Interchange (EDI) system hooks 33,000 of Korea's overseas trading firms to 33 banks for electronic issuance of export-import approval, opening of letters of credit and other trade-related banking transactions.

Kim Myong-ho, governor of the Bank of Korea, demonstrated the system in yesterday's opening ceremony at the main branch of Hanil Bank in Myongdong in downtown Seoul.

The system presents standardized forms on the screen for users to fill out. The governor processed one firm's request for export approval in less than five minutes as a demonstration of the system's efficiency.

Data indicate that banks processed some 1.3 million similar requests last year alone. The difference was that those transactions took place at the expense of actual visits to banks through traffic and waits upon arrival.

Officials at the Ministry of Trade, Industry and Energy say that plans are now underway to expand the system to include shipping and customs by July and October of this year, respectively. By 1996, they are envisioning a comprehensive electronic network covering the A to Z of overseas trading. The current system is limited to 33 Korean banks handling foreign exchanges. But officials

say foreign banks operating in Korea are likely to be added to the system by July.

*** President's Fight Against Own Party Noted**

942C0058A Seoul SISA JOURNAL in Korean
11 Nov 93 pp 20-22

[Article by So Myong-suk]

[Text] President Kim Yong-sam has faced most difficult time since he took the office. Skepticism and criticism for the directions and the methods of the reforms are slowly coming out. "Does President Kim's government has any solid 'core-reform-power team' to carry out the reform?" seemed to be the most concerned and realistic questions over Kim and his government. In political language, the 'core-reform-power' means President Kim's power-base.

President Kim started his presidency with a strong commend of leadership, but series of situations which occurred recently has caused reason enough to raise questions. Representative You Song-hwan, who belongs to the Democratic faction [President Kim's faction of the Democratic Liberal Party], raised a question about past political involvement of Representative Kim Yun-hwan, who is from the Democratic Justice [DJ] faction of the same party and it triggered the burst of the factional feuds. And, it led the DJ faction to casts the "angry votes" during a bill passing process on the 25th [October]—recommending the release of National Assembly members, Pak Chol-on and Kim Chong-in was the bill they were trying to pass. In addition, the cabinet is unable to break through the thick wall of the bureaucrats and is vacillating.

The opposition party has started to irritate President Kim and his administration not to miss this opportunity. On 28 October, the first day of the National Assembly Hearing against the government on the political affairs, the members of the opposition party concentrated on attacking the ruling party's internal feud. Representative Yim Chae-chong, Democratic Party [DP], accused the Kim's Democratic Liberal Party [DLP] for taking an ambiguous position and ridiculed that the DLP is not a 'core-reform-power' of Kim that can lead the reforms, but a political body which has interest only in pursuing its own faction's gains, thus it should be a reform target. Yim's criticism continued and he accused President Kim for keeping unstable coalition with the old establishment ever since the three parties merged. Yim asked "what happened to his [Kim] going into the tiger's den to catch a tiger?"

Representative Chang Ki-uk, who also participated in the attack, made a statement that the bold punishment should be carried out for the DLP, a political party born of the 12 December and the 17 May Coups, members who were connected with the anti-people and anti-democracy actions, and charged for corruptions.

Why is the opposition party demanding the ruling party to reorganize the 'coer-reform-power,' and making it a political issue? It is obvious that the DP wants to reveal the political limitation of the DLP by irritating the weakness of President Kim's 'three in one' party.

But, it is difficult to treat the opposition's attacks merely as a political game play because these points are shared by the most of the public. Although the DLP's DJ faction and the Democratic faction do not and will not acknowledge the feud among factions and the heterogeneity in public. But, the heterogeneity and the factional feud of the DLP does exist and it's a real thing, and no one will deny the facts in private. After all, each faction's have their own root, different experiences of history, different evaluations and understandings of the past governments. And the difference of the two factions' appreciation and motive for creating the Kim Yong-sam government is wide apart.

The DJ faction's reaction to Representative Yu's "past political involvement" issue clearly showed the fundamental difference of the two factions. During the National Assembly's audit and inspection of the government, Representative Yu made a suggestion, "how about the training institute of government employees invite the persons like Chon Tu-hwan, No Tae-u, Choe Hyong-u, Pak Sok-mu, Yi Chol and Kim Yu-hwan as the guest lecturers, who can lecture them contemporary Korean histories from their vivid experiences and give them the benefit of real history lessons, rather than inviting those scholars who have been educated abroad?" Yu's that suggestion created a big ripple.

In other words, Yu is saying that Representative Choe Hyong-u can cover the lecture on the dictatorial military governments and the torture and Representative Kim Yun-hwan could speak on the Yusin government since he has been a member of the Yujonghoe. And the DJ faction's response to that was "how quickly they forget, it hasn't been that long ago they asked for our help to get Kim yong-sam elected. But now, they want to hurt us." The Democratic faction's response to that is "it's only an individual's private opinion, besides, it's certainly a discussible subject." A telephone interview on 26 [October] just before he left the country, Representative Yu responded with "I have mentioned lot more names than what the media printed and that caused the misunderstandings. In fact, in my opinion, the Yusin cannot be 100 percent bad and the regrets and repenting of the past could be a good lessons for the history."

At a TV talk show on 23 October, Representative Choe spoke about the "qualification need to become DLP's executive chairman," which also caused a stir. Choe explained that "I was not prepared to give an answer when I was unexpectedly asked about it, so I gave a very basic answer that it must be a person who can be able to lead the reform." But for the DJ and NDR [New Democratic Republican] factions have taken it as the

Democratic factions act to shake up the Executive Chairman Kim Chong-pil's position prior to the May DLP convention.

Despite their long co-existence as a part of same political party, the DLP's factional power struggle has hurt the party and its unity and harmony. However, on 27 [October], President Kim invited the DLP key leaders and the members of the special committee for political affairs to Blue House for dinner and that seemed to bring a temporary peace, at least an appearance wise. But, the deep seeded feud will not go away easily—the Blue House is pushing to pass a bill, the Reform Law—the revised law related to political affairs—during the regular National Assembly session, but the DLP majority, the DJ faction, considers that as an action to destroy them. Another example for the discord is that recently Executive Chairman Kim Chong-pil excluded the chairman of the Planning and Managing Committee, Paek Nam-chi of the Democratic faction, from the DLP high level members meeting.

Nevertheless, there is a view agreed by the majority that President Kim will not purposely carry out an action to dismember the DLP, or the DJ faction to leave the DLP to have its own party before the 15th General Election. The majority believes that President Kim, who knows the nature of the DJ faction better than anyone, will embrace those DJ faction members, who share his political reform direction, and lead the party effectively until the election in 1996.

President Kim's more pressing problem is on the fact that his administration has not been able to break through the thick walls of the bureaucrats, who are the front line workers of the government administration. Although the cabinet, which consist of a few from the DJ faction, who were part of the Fifth and Sixth Republics and who knows Kim personally, and some of the Democratic faction members appears to have a united front, they have no clear picture nor understandings of the reform and its directions. So, the cabinet merely maintains the vertical relationship with the president.

Thus, the prevailing atmosphere among the bureaucrats are "self protectionism and the peace-at-any price-ism," do best to escape from the corruption probes, and the attitude of "wait and see" towards the new government. In fact, they have a new term saying, "the bureaucrats are here and will be here but the government power can go anytime." The passive ruling party, do-nothing bureaucrats, the directionless cabinet, etc. show how weak the President Kim's power base is.

Can President Kim overcome these obstacles and build a firm foundation for his leadership? There are plenty of rumors addressing to that subject, such as, the cabinet reshuffle before the year's end and the party leadership changes at the May convention, etc. Also, Presidential pardon of former law maker, Se Sok-chae, before the year's end and appoint him to a cabinet post, name the

DJ faction's Kim Yun-hwan and Yi Han-tong to cabinet, and who will be replaced, etc. are a part of the rumors.

However, these are merely a part of a transitional measure. A long range outlook for building a firm foundation for his leadership is likely to be in the plan. In that respect, paying a special attention to the upcoming 1995 elections for the local government legislatures and governors is necessary. Recently, while working on a proposal for the unified, overall election law, the DLP's Special Committee for Political Affairs confirmed its proposition on the 1995 election schedule for the local government system (the elections for legislature members, heads of cities, counties, districts in February; city councils and representatives for the provinces and governors in May, etc.) All four elections are pushed into 1995, and it also included applying the party nomination system for the basic legislature [kicho uihoe] candidates.

If this unified election law passes, in 1995, President Kim will have the nomination rights to all candidates—for mayors, county and district heads and provincial governors. What an opportunity for Kim Yong-sam to have his people at the every corners of the country! Series of recent appointments of the PK [Pusan/Kyongnam] persons to various government posts, government owned companies, banking industries, etc. are good indications for the direction of nomination process for the local government election candidates. It seems that the ruling party has conducted a survey on the current and prospective mayors and provincial governors already. A rumor about Secretary General of the Blue House, Pak Kwan-yong, is interested in running for the Pusan mayor's seat is another indication how much the weight the ruling party is putting onto the local election.

The Blue House is pushing hard for the unified election law to pass before the year's end. The Blue House's reason for pushing it is that since the public demand for the political reforms is very high, government needs not to lose the opportunity to fulfill the public desire. Also, it is necessary for government to have a time to prepare for a clean election for the local election, which takes place before the general election.

If President Kim's priority is on the local election, where he can establish a concrete power base, rather than the General Election in 1996, passing the unified election law in 1993 is must. In that respect, a remark by a Blue House high official is a meaningful one, he said "there are lots of rumors spreading about the cabinet reshuffle and other affairs to take a place before the year's end, but they are all speculations. The real issue that needs to be done within this year is passing this Political Reform Law. It will be the beginning of every debate and will be a starting point of everything. The driving force of political power and the directions will appear after the bill.

Sunkyong Wins Dominance of Cellular Phone Firm

SK2701011594 Seoul THE KOREA HERALD in English 27 Jan 94 p 3

[Text] Sunkyong Business Group has emerged as a controlling shareholder of Korea Mobile Telecom (KMT) in fact by acquiring the biggest equity stake in the nation's cellular-phone monopoly. Three Sunkyong subsidiaries succeeded in buying a total of 1.27 million KMT shares through competitive bidding yesterday, securing the conglomerate a controlling 23-percent stake in the cellular monopoly. State-funded Korea Telecom said 292 investors had competed for 2.44 million of its KMT shares put up for sale Monday and Tuesday but no other bidders were successful.

Korea Telecom said it will invite new tenders for the remaining 1.17 million shares. After the sale, Korea Telecom, left with a 20-percent stake in KMT, will hand over management control to Sunkyong.

Sunkyong offered 427.1 billion won, paying an average 321,000 won per share, a Korea Telecom spokesman said.

Although long anticipated, the result of yesterday's bidding gives Sunkyong, already the nation's fifth largest conglomerate, a vital niche in the nation's potentially lucrative cellular industry.

The nation's cellular-phone industry has been growing 80 to 100 percent a year and reached over 470,000 subscribers at the end of last year. Since it was established in March 1984, KMT has grown into a 498.3 billion-won cellular monopoly employing 2,000 people. The company generated 420 billion won in sales last year. Its net profit that year was 71.9 billion won.

Given the business opportunities involved, it has long been said that the successful bidder for KMT will likely emerge as a major business empire.

KMT is currently the nation's only cellular operator. A second cellular network is to be formed later this year. The Communications Ministry has timed the sale of KMT shares so as to cool a fevered tug-of-war among major business conglomerates currently bidding for the second network.

In December, the government gave the Federation of Korean Industries, the nation's largest business organization, the task of forming a single consortium to build and operate the new cellular network. The federation's decision is due Feb. 28.

Yesterday's auction was a sweet victory for Sunkyong. Although it won a cellular license in 1992, Sunkyong had to relinquish its successful bid in the face of embarrassing charges of nepotism. The son of Sunkyong chairman Choe Chong-hyon is married to a daughter of then President No Tae-u.

Burma**Minister, Delegation Leave for PRC's Yunnan***BK2601143994 Rangoon Radio Burma in Burmese
1330 GMT 26 Jan 94*

[Text] At the invitation of the governor of Yunnan Province of the People's Republic of China, a six-member Myanmar [Burmese] delegation led by Brigadier General Abel, minister of national planning and economic development, left Yangon [Rangoon] by CAAC flight CU906 this afternoon for Kunming to hold discussions on economic and bilateral cooperation matters and to promote goodwill. The delegation was seen off at Yangon airport by Lieutenant General Tin U, secretary-2 of the State Law and Order Restoration Council [SLORC]; Brigadier General Win Tin, minister of finance and revenue; U Than Aung, minister of cooperatives; Mr. Liang Feng, ambassador of PRC; directors general from the Ministry of National Planning and Economic Development; and responsible personnel.

Diplomat Calls Changes in Country 'Cosmetic'*BK2701114094 Hong Kong AFP in English 1104 GMT
27 Jan 94*

[Text] BANGKOK, Jan 27 (AFP)—Recent attempts by the Burmese junta to improve its image are purely "cosmetic," while the situation in the country remains highly "volatile," a Rangoon-based diplomat said here Thursday. Speaking with reporters, the diplomat, who requested anonymity, said members of the ruling State Law and Order Restoration Council (SLORC) had "come to the conclusion that they need to change their image."

But he dismissed hints of political reform—such as the proposition of a new constitution put forward by the National Convention, whose delegates are handpicked by the junta—as pure "flummery."

"There is no disposition to yield power to anyone else in any way," he said, stressing that "the changes are only cosmetic."

The diplomat predicted Nobel Peace prize laureate Aung San Suu Kyi, whose National Democratic League (NLD) overwhelmingly won elections in 1990, would remain under house arrest though her sentence technically ends next July. She has been under house arrest since July 1989. Soldiers and wooden guard boxes at the entrance of her home were removed last Saturday.

The junta's current concern about image might result in "a public relations coup of some sort," such as allowing a single foreign diplomat to visit her. So far, only her husband, British academic Michael Aris and their two sons have been authorized to visit her. If she were released, he said, it could touch off spontaneous demonstrations.

"They're a volatile population," he said. "We know that from 1988," the year pro-democracy demonstrations were crushed nationwide by the military. He also called current peace negotiations between the council and ten ethnic minority groups an example of "divide and conquer" and added: "There is still a policy of Burmanization."

Meanwhile, life for the Burmese has failed to improve, despite surface changes in the capital Rangoon and Burma's top tourist draw in the northern city of Mandalay, he said. SLORC had allowed select members of the military and their families to invest in businesses which had injected funds in those cities, he said. But "the rest of the country has been left untouched," he said. Food has become prohibitively expensive, while the salaries of civil servants and pensioners have been frozen since 1989, he added.

People continue to be regularly rounded up for mock demonstrations of support for the SLORC, but "look like zombies," he said.

The diplomat's evaluations echoed a just published report from Amnesty International which said that small improvements have been made by SLORC in human rights during the second half of 1993, but that the use of torture and other form of ill-treatment against its opponents remained "endemic."

Still, the diplomat remained optimistic that foreign investment and increased exposure of the Burmese people to foreign media could pressure Rangoon for real reform.

Turning to China's influence in Burma, he said: "Chinese are everywhere in Rangoon, and Mandalay in particular." But "the driving power of the relationship is Kunming and Yunnan," he said, referring to the province on China's southern border with Burma and its capital, "not Beijing."

"There are rumours of resentment" with Chinese investors, he added.

Satellite dishes, while not widely available, are "ultimately beyond (SLORC's) control," he said, and promised to improve the flow of information.

He said he hoped that member countries of ASEAN—the Association of Southeast Asian Nations, grouping Brunei, Indonesia, Malaysia, the Philippines, Thailand, and Singapore—would demand that certain conditions be met before granting membership to Burma, which some diplomats think is on the agenda.

In the short run, "the military is here to stay." Rumors of tensions between some top leaders may be true, but for now, "none can move against one another."

Furthermore, he said, "there is a sense that every order is followed from the top."

Minister Charges Thai Complicity With Khun Sa
BK2701014394 Bangkok THE NATION in English
27 Jan 94 p A4

[By Yindee Loetcharoenchok in Rangoon]

[Text] The Burmese border minister has accused Thailand of being unwilling to co-operate to crush drug warlord Khun Sa and his Mong Tai Army, who can "dodge into Thailand whenever they want".

Lt Gen Maung Thint said Khun Sa and his followers survive only because they get food, arms and ammunition from sources in Thailand. He said Burmese government forces need Thai assistance if they are to crush them, but he has not yet raised the issue with Thai officials.

There was no immediate urgency. Rangoon was preoccupied negotiating truces with other armed ethnic groups and holding the national convention to draft a new constitution.

In the meantime, the ruling State Law and Order Restoration Council (Slorc) would accept Khun Sa's surrender if he also disarmed his Mong Tai Army. However Col Kyaw Win, deputy director of the Directorate of Defence Services Intelligence (DDSI), said that even if he surrenders Khun Sa will still have to answer for his crimes and his narcotics activities.

Khun Sa, or Chang Si-fu, controls a narrow strip of territory east of the Salween River in southern Shan State, alongside the Thai border province of Mae Hong Son.

"The Thai government is not willing to co-operate with us," Maung Thint told THE NATION. "They [Khun Sa's forces] get food, supplies, arms and ammunition from Thailand. That is why he still survives. His survival depends on Thailand. They [Thailand] never consider wiping out Khun Sa. Moreover, he is able to dodge into Thailand whenever he wants."

Maung Thint, minister for development of border areas and national races, said the MTA was unlike other ethnic forces, which are holding talks with Rangoon. Slorc considered Khun Sa both an insurgent and a drug baron. However the minister minimized the MTA's military strength, saying it has no fighting capability and relies on arms purchased with drug money.

"We are determined to fight him and wipe them [the MTA] out by force," he said.

However, "if he surrenders and disarms, the government will accept him and will let him participate in development projects". He said it would take time to "wipe Khun Sa out totally". "In the meantime, we are holding the national convention and are inviting other insurgent groups to return to the legal fold. In the present circumstances it is not the time to get rid of him." Kyaw Win was outspokenly critical of Thai authorities for allowing

Khun Sa to "jump the fence" into Thailand. He said the Burmese military had no immediate plan to move against the MTA and was currently pursuing a "containment policy", trying to restrict its movement and territory.

The colonel said up to 50,000 troops and porters would be needed to bring down Khun Sa and that high government casualties would be unavoidable. The MTA could field an estimated 8,000-15,000 fighters. The rugged terrain posed no difficulties, he claimed, although air strikes were not likely due to the danger of accidental encroachment into Thailand and a shortage of helicopters. He also pointed to the likelihood a new drug kingpin emerging once Khun Sa was eliminated.

Thai Parliamentary Delegation Arrives 26 Jan
BK2601150194 Rangoon Radio Burma in Burmese
1330 GMT 26 Jan 94

[Text] A 25-member Thai lower house delegation led by a parliamentary [committee] chairman, Dr. Krasae Chanawong, arrived in Yangon [Rangoon] by special aircraft at 0930 today.

The Thai parliamentary delegation was accompanied by the Thai ambassador, Mr. Wirasak Futrakun, and called on U Ko Ko Gyi, chairman of Union of Myanmar [Burma] Chamber of Commerce and Industry, and members at Bo Sun Pet Street, Pabedan Township, at 1100. They held talks on bilateral economic cooperation matters.

Foreign Minister U Ohn Gyaw received Dr. Krasae Chanawong and the Thai delegation at Padauk Hall of the People's Park Restaurant and hosted a luncheon. The luncheon was also attended by the minister of development of border areas and national races, Lieutenant General Maung Thint; Vice Admiral Than Nyunt, health minister; and invited guests.

The Thai delegation called on U Ba Htay, chairman of multiparty democratic general elections commission; members U Saw Kyar Doe, U San Maung, Saya Chai, and U Kyaw Nyunt; and Secretary U Aye Maung at the commission office at 1500. They held cordial and frank talks on improving goodwill relations.

Timber Trade Resumes After Malpractice Probe
BK2701013494 Hong Kong AFP in English 0111 GMT
27 Jan 94

[Text] RANGOON, Jan 27 (AFP)—Burma's timber trade, halted during a three-month government probe into malpractice allegations against both entrepreneurs and corrupt officials, has been allowed to resume, officials say. Local timber merchants contacted by AFP said they still needed clearance, however, from the military commanders with jurisdiction over the areas where timber concessions are located.

Dozens of people were given stiff jail sentences in connection with shady deals uncovered during the investigation by military intelligence, highlighted in the state-owned press. But local observers noted that prices for timber and wood-based fuel had risen in the wake of the clampdown. Charcoal, used widely for cooking, now costs more than 500 kyats per basket, or around 12 kyats per pound—almost three times the cost to consumers previously, the observers said.

A would-be house-owner cited a similar rise: "I'm suddenly having to pay for my building material almost triple the prices of just three months ago."

Under a new forest law promulgated in 1992, which strictly limits extraction of timber for commercial purposes, Burma—which owns nearly 75 percent of the world's teak reserves—said it intended to preserve its forest resources. The law required private timber merchants to apply for official permits through a competitive bidding system which was intended to encourage private sector investment in the industry while curbing illegal logging. But reports of widespread malpractice involving timber businessmen, abetted by corrupt officials, triggered a sudden halt to logging in November and the official investigation.

Thousands of tons of illicit logs were seized and an unspecified number of smugglers and corrupt government officials were identified. A recent report in the official *NEW LIGHT OF MYANMAR* cited the example of 11 timber merchants and as many forest department employees who were sentenced this month by a special court in Rangoon to seven years in jail for illegal logging, smuggling and bribery. The daily said the government had recovered cash and assets which were declared state property.

The money collected paid largely for a state-of-the-art multi-million-dollar international business center on the shores of Rangoon's Inya Lake. At its recent inauguration, a senior forestry official said the center had cost the state "next to nothing."

"We constructed the building practically cost-free because all the expenses were paid for with fines and penalties slapped on timber merchants, both foreign and local, caught cheating us," he said, adding that the illegal logs confiscated had also gone a long way to defraying the costs. The official disclosed that one foreign logging company caught red-handed not only had to pay a hefty fine but was charged double for logs already extracted, even though the wood was of the "unreserved species."

Reliable sources said meanwhile that some logging concessions had been given a three-month extension for extraction if companies paid stiff fines and double charges to take out the logs.

Workers Delegate Group Holds Panel Discussions

*BK2601152594 Rangoon Radio Burma in Burmese
1330 GMT 26 Jan 94*

[Text] The national convention delegate group representing workers held panel discussions to write a proposal paper on the state, structure of state, and head of state at Meeting Hall No. 6 at 1000 today at the Kyaikkasan Grounds in Yangon [Rangoon]. U San Tin from Irrawaddy Division acted as alternate chairman and U Khin Maung Win acted as secretary of the meeting.

After an opening address by the Alternate Chairman U San Tin, discussions and proposals on the state, structure of state, and head of state were presented by U Tin Hlaing from Mergui Township, Tenasserim Division; U Myint Oo from Moulmein Township, Mon State; U Thein Aung from Taunggyi Township, Shan State; U Kyaw Myint from Nyaunglebin Township, Pegu Division; Daw Thin Thin Naing from Myaungmya Township, Irrawaddy Division; U Thein Aung from Minbu Sagu Township, Magwe Division; U Kyaw Win Tun from Kyeukpadaung Township, Mandalay Division; U Soe Myint from Sagaing Township, Sagaing Division; U Tun Aung Zaw from Akyab Township, Arakan State; and U Swe from Syriam Township, Yangon Division.

Next, the alternate chairman gave a closing speech and explained that papers, whether written by state and division groups or independently, should be presented to the panel of chairman no later than 11 February. The meeting ended at 1110.

Brunei, Malaysia & Singapore

Malaysia

Australian Agency Reportedly Bribed Opposition

*BK2601151394 Kuala Lumpur BERNAMA in English
0926 GMT 26 Jan 94*

[Text] Kuala Lumpur, Jan.26 (OANA/BERNAMA)—The Australian Secret Intelligence Service (ASIS) paid senior opposition politicians in Malaysia and Singapore tens of thousands of dollars without the full knowledge or consent of the Canberra Government, according to an Australian newspaper report quoting former agents.

The report in *THE SUNDAY TELEGRAPH* received here Wednesday, said the cash payments from ASIS continued over many years beginning when the MPs were junior politicians and increasing as the recipients grew in stature.

The clandestine payments and their management show ASIS has taken upon itself to meddle directly in the internal political affairs of a foreign nation without specific authorisation, the former field agents claim, the report added. It also quoted the former ASIS agents as

saying that what started as simple bribes snowballed over the years with little reassessment of the value or morality of the payments.

THE SUNDAY TELEGRAPH said the allegations were made during its probe into upheavals now confronting ASIS and were supported by several former personnel during a series of interviews. The former secret agents were demanding a royal commission of enquiry into ASIS claiming that it had dangerously minimal accountability and was veering out of control.

All have various reasons to hold grudges against ASIS but say their careers were ruined by malicious gossip which points to serious internal problems, the report added.

Meanwhile, the Australian federal government refused to comment on the exposure by THE SUNDAY TELEGRAPH.

THE CANBERRA TIMES reported that a spokesman for Foreign Minister Gareth Evans, responsible for ASIS, said the government never commented on intelligence matters.

Mahathir Threatens Action

BK2701081094 Kuala Lumpur Voice of Malaysia in English 0600 GMT 27 Jan 94

[Text] The government will take action against opposition politicians found doing something against the interests of the nation. Prime Minister Datuk Sri Dr. Mahathir Mohamed said this today. However, the government would be very careful before taking such action as the government did not want to be seen as persecuting opposition politicians. The prime minister was commenting on an Australian news report that the Australian Secret Intelligence Service, ASIS, paid bribes to Malaysian opposition politicians in an alleged unauthorized [word indistinct] meddling in the internal political affairs of a foreign nation. The report which quoted former ASIS field agents said the opposition politicians had over many years been receiving tens of thousands of dollars in bribes from the Australian spy agency. Datuk Sri Dr. Mahathir said the government would carry out its own investigation into the matter as well as keep a close watch on developments in Australia.

Minister Denies Pergau Dam Linked to UK Deal

BK2701063994 Kuala Lumpur BERNAMA in English 0344 GMT 27 Jan 94

[Excerpt] Kuala Lumpur, Jan. 27 (OANA-BERNAMA)—Malaysia has categorically denied that there is any link between a hydroelectric project and the building of a special forces complex under the Malaysia-United Kingdom memorandum of understanding (MOU) on the purchase of defence equipment.

Defence Minister Najib Tun Razak Said: I deny categorically the connection between the Pergau Dam (in the

northeastern Kelantan State) and the MOU which is a programme for the modernisation of the Malaysian Armed Forces.

The establishment of the special forces complex in Mersing Town in the southern Johor State was one of the armed forces' development projects, the masterplan of which had been completed, he told reporters at a press conference here Wednesday.

Najib said the construction of the multimillion camp complex, basically for special forces troops, would be implemented under the Seventh Malaysia Plan (1996-2000) as the financial ceiling for the project had been exceeded.

He said British special forces personnel might be involved in the construction phase of the complex.

The master plan for the Mersing project was drawn up by British construction company John Laing International.

Najib said some foreign military personnel might be trained at the Mersing special forces camp but there would be no permanent basing of large foreign troops there. [passage omitted]

Foreign Minister Meets Spanish Counterpart

BK2401143794 Kuala Lumpur NEW STRAITS TIMES in English 22 Jan 94 p 8

[Text] Kuala Lumpur, Fri.—Malaysia and Spain have agreed to set up a joint commission to enhance bilateral cooperation between the two countries, Foreign Minister Datuk Abdullah Ahmad Badawi said.

Speaking to reporters after meeting with his Spanish counterpart Javier Solana at Shangri-La hotel here tonight, Abdullah said Spain wanted to have an increased presence in ASEAN due to the region's rapid economic growth and peaceful situation. He said the commission would carry out activities towards improving bilateral ties with the signing of several agreements on economic and technological cooperation later this year.

Abdullah said during the one-and-a-half-hour meeting, several agreements on investment agreement guarantee, culture, partial abolition of visa and air service were discussed.

Solana who was accompanied by four senior officials, arrived here today for a one-day visit on the invitation of the Malaysian Government.

Abdullah said Solana was also receptive to his idea that Spain organise a Spain Week here to showcase its products and to provide information to further boost two-way ties.

"Spain plans to organise the event sometime this year in conjunction with Visit Malaysia Year '94. This is good because there would be many tourists here."

Abdullah said he would also like to see other countries wishing to establish bilateral ties with Malaysia to organize similar events.

Albanian President Invites Foreign Investment

AU2701092794 Tirana TVSH Television Network in Albanian 1900 GMT 26 Jan 94

[Text] We start with a report from Malaysia where, as you know, President Sali Berisha is on a visit. Let us hear a telephone report by the spokesman of the President's Press and Information Office, Aida Shehu:

[Shehu] Yesterday evening, President Berisha held a meeting in the Malaysian Chamber of Commerce. Besides members of the Malaysian National Chamber of Commerce and Industry, representatives of firms that are members of the Chambers of Commerce and Industry, foreign investors operating in Malaysia, representatives of the Chinese Chamber of Commerce, Chinese and Indian businessmen, etc., were present.

President of this chamber Mr. Vanazmi gave the opening speech. In his welcoming speech, he expressed pleasure at President Berisha's visit to the Malaysian Chamber of Commerce and stressed the possibilities of expanding economic relations between our two countries, the interest of Malaysian and foreign firms in the Albanian market, investments in Albania, and so on.

In his speech, President Berisha stressed that his visit to Malaysia serves not only to expand relations at the political level, but economically as well. He also expressed his satisfaction over the great number of businessmen participating in this meeting and their interest in Albania. Later, President Berisha pointed out the arguments that favor foreign investors operating in Albania, and precisely the economic reform that destroyed the collective sector not only in the economy, but also in the collectivist mentality of the people in our country. He also mentioned the political stability created by the support of the majority of the population for the Meksi government and the new Albanian legislation, which offers absolutely attractive possibilities for foreign investors, such as the possibility of transferring capital and dividends, renting land, a free hand with labor, and a young population capable of work.

In the meeting with the president, the managers of the best known Malaysian firms and foreign firms operating in Malaysia expressed their intention to come to Albania and get acquainted with the specific cooperation possibilities, especially now after the creation of the complete legal framework for economic cooperation between the two countries with the signing of five agreements that guarantee security. President Berisha also inaugurated the Center for Malaysian Promotion in Albania.

This morning, President Berisha held separate meetings with Malaysian Prime Minister Dr. Mahathir Mohamed and His Majesty Sultan Azlan Shah, who guaranteed President Berisha the agreements and their application.

They also told Berisha that the Malaysian Government will encourage investors and investments in Albania and promised to help in the construction of housing for the population, the education of students, cooperation between the Albanian and Malaysian telecommunications, and so on.

This morning, too, President Berisha left Kuala Lumpur after ending his successful visit and departed for a one-day visit to the island of Langkawi. The country authorities organized a meeting at which the general region development manager gave a briefing on the island's development prospects.

Later, the president paid a visit to a crocodile farm.

Tomorrow, Berisha will again hold talks in Langkawi and at midday he will leave for Brunei.

Indonesian Official Urges Settlement of Dispute

BK2701015394 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 27 Jan 94

[Text] Indonesia has urged Malaysia to respond to its statement on the status of Sipadan and Ligitan in order to accelerate the settlement of the dispute over ownership of these islands. This came up during additional talks between the Indonesian and Malaysian delegations in Kuala Lumpur yesterday. Indonesia had hoped that the two countries would agree on some principles to serve as a basis for the next round of talks. According to Indonesian chief delegate Izhar Ibrahim, the Indonesian Government reiterated its position on the ownership of Sipadan and Ligitan in 1992 through a memorandum and supporting documents, such as a territorial map. Malaysia has yet to respond, however. Meanwhile, Malaysian chief delegate Ahmad Kamil Jaafar said the two countries would be able to settle the matter amicably.

Singapore

Government Establishes Venture Capital Fund

BK2601154194 Singapore THE STRAITS TIMES in English 26 Jan 94 p 1

[By Han Fook Kwang in New Delhi]

[Text] New Delhi—In a major move to boost Singapore's external economy, the Government is setting up a \$150 million venture capital fund which will assist companies going abroad. Announcing this to Singapore reporters covering the Prime Minister's visit here Trade and Industry Minister Yeo Cheow Tong said yesterday that the fund will also have a unique component—it will also target budding entrepreneurs.

Mr Yeo said the fund will in essence, operate like any other venture capital fund, but with a regional focus.

A private sector fund manager will be appointed to manage it. Investments will be made in private companies which are "regional" or "going regional" and whose projects will benefit the Singapore economy.

In return, equity participation will be obtained in the companies.

The fund was recommended originally by the Committee to Promote Enterprise Overseas chaired by Minister of State (Finance) Teo Chee Hean. The unique part of the scheme lies in its additional goal—to bring together budding entrepreneurs with the projects that have been identified by the fund manager.

Low cost funds will be made available to the entrepreneurs to help them obtain a stake in these companies—up to S4 for every dollar from the entrepreneur. Mr Yeo told reporters that this was to encourage budding entrepreneurs to venture into the region.

"We'll work through the private sector to identify projects and potential entrepreneurs who wish to go abroad but lack the financial means to do so, although they have the expertise," he said.

If they succeed, the intention of the scheme is to help them gain a significant stake in the companies after three to seven years.

Existing entrepreneurs already in business but who lack the means to expand abroad are also eligible for such assistance.

This component of the fund is targeted at those who have the characteristics of entrepreneurship: a practical vision or a good track record but lack the means to carry out their ideas or expand their businesses overseas.

They can be from the private or the public sectors.

The Economic Development Board Investment Pte Ltd [Private Limited] (EDBI), a wholly-owned subsidiary of EDB [Economic Development Board], will oversee the fund through the private fund manager.

The fund is expected to exceed \$150 million [Singapore currency], with the Government contributing more than \$100 million. Private sector funds will also be sought. Mr Yeo pointed out that the Government was not giving away "free money" to any entrepreneur.

"We're participating with him. He must first be prepared to put his own money on the line," he said.

Replying to a question on why the scheme was necessary when there were private venture capital companies around already, Mr Yeo said that a different set of criteria would apply for the Government-inspired scheme.

Private fund managers, he added, might only want to support those with a proven track record.

Thus, those who were working in companies but had never set up their own might not qualify. Yet they might be precisely those whom the Government was trying to encourage as they had the expertise.

An MTI [Ministry of Trade and Industry] official said it had consulted the private sector on the scheme and the feedback had been positive.

"Our business leaders agree that there are many people out there who have the bright ideas and the ability and drive to carry them through, but for the lack of financing and opportunity," he said.

While some will make it in any case, this "matchmaking" scheme broadens the net. If, by providing the extra push and financial backing we can increase the pool of entrepreneurs, it will be good for Singapore, he said.

Cambodia

Ranariddh Flies to Singapore for Medical Check
BK2701042294 Hong Kong AFP in English 0408 GMT 27 Jan 94

[Text] PHNOM PENH, Jan 27 (AFP)—Cambodian Prince Norodom Ranariddh flew to Singapore on Thursday for a medical check-up, an official from his FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] party said. The prince, whose departure had not been previously announced, was complaining of dizzy spells and sleeplessness due to overwork, the party official said.

Prince Ranariddh, who is also one of the country's two co-premiers, was accompanied on the private flight by his personal doctor, his wife Princess Marie, and Eng Roland who has been nominated ambassador to Thailand. The party official said he did not know when the prince would return.

KR Allegedly Plot Against Vietnamese Fishermen
BK2701062194 Phnom Penh REAKSMEI KAMPUCHEA in Cambodian 19 Jan 94 p 11

[Text] The influx of Vietnamese refugees back to Cambodia by boat has drawn a strong reaction from the Army of Democratic Kampuchea. Taking advantage of the permission given by the royal government allowing all fishing groups to carry on their activities, Vietnamese settlers—who have been fishing in Cambodia since 1979 and fled to live along the Cambodian-Vietnamese border for fear of massacre by the Khmer Rouge—have returned with their fishing boats. This is not legal at all.

According to sources in the Khmer Royal Armed Forces in the 4th Military Region, the Khmer Rouge [KR] has strongly reacted to the return of illegal Vietnamese settlers. The sources also said that the Khmer Rouge have accused the government of colluding with Vietnam

and allowing many Vietnamese fishing boats into the country without any strict restrictions against these Vietnamese.

According to other reliable sources, however, Khmer Rouge leader General Chhit Choeun alias Mok—who has gone to the border intersection of Cambodia, Laos, and Thailand for medical treatment—has ordered Division 980 under the command of "Muon" to resume its operations, particularly the Tonle Sap unit which is believed to be the Khmer Rouge's special military unit. This Khmer Rouge official based his remarks on the return of Vietnamese fishermen. This source also specified that the Tonle Sap unit, most of whose members are young, courageous, and violent, are preparing for action in and along the Tonle Sap.

This source went on to say that except for the Tonle Sap unit, the Khmer Rouge command has dispatched small groups to the Anlung Veng or Pailin areas to assist in the defense of these two regions against the royal government troops.

It should be recalled that last year nearly 40 Vietnamese lost their lives in the Khmer Rouge attack on the village of Chong Khneas in Siem Reap. This was a racist act on Vietnamese fishermen in boats. It forced these fishermen to hastily leave their shelters. Now such racist acts are continuing. This is why the Tonle Sap unit is preparing to launch operations in the Tonle Sap to coincide with the arrival of Vietnamese fishing groups in the areas where they used to do business.

Two Vietnamese 'Agents' Captured in Battambang

BK2701040194 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 26 Jan 94

[Excerpt] According to a report from Moug Russei District, Battambang Province, the inhabitants of Tuol Roka village in the Russei Krang commune have captured two Vietnamese communist agents. The agents were planted in the village to carry out the Communist Party of Vietnam's policies in Cambodia and lead the networks of the puppet Cambodian People's Party [CPP] and puppet administration in the districts, communes, and villages. The report says that the people captured these two Vietnamese communists after discovering their identity. They found out that these two have often met with and made reports to the Vietnamese in Moug District. They are both Vietnamese nationals who speak Cambodian. They are in charge of the CPP and the Vietnamese communist puppets and their administration in Moug District and the Ta P'de-Kaos Kralar area. [passage omitted]

Oddar Meanchey Provincial Seat Said Destroyed

BK2601044494 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 25 Jan 94

[Text] Samraong is destroyed! Samraong is destroyed!

Samraong District, which is the seat of Oddar Meanchey Province, was attacked and destroyed by the people on the night of 24 January.

Samraong District, which is the seat of Oddar Meanchey Province, which is the hotbed of corruption of the Vietnamese communist puppet ringleaders and Nhoek Bunchhai's group, was attacked and destroyed by 2,000 people. Samraong, the provincial seat of Oddar Meanchey, which is the frontline command post of the Vietnamese communist puppet army and field headquarters of Ke Kumyan, Pol Saroeun, Prum Samen, Long Sopheap, Eng Sopheap, Nhoek Bunchhai and a number of other generals with second-hand stars on their shoulders, was attacked and smashed by 2,000 people in and around Samraong on the night of 24 January. As a result of this people's attack, General Long Sopheap, commander of the 4th Military Region in Siem Reap; Gen. Prum Samen, representative of Vietnamese communist puppets' General Staff; Gen. Nhoek Bunchhai, who got his stars as a favor from the Americans; Eng Sopheap, Army commander and governor of Oddar Meanchey Province; and all other Vietnamese communist puppet ringleaders fled in disarray. Many were wounded.

This is a punishment that the general public meted out to the evil puppet ringleaders serving the Vietnamese communists and the alliance. This is a great event, clearly proving that the people will not allow the evil Vietnamese communist puppet ringleaders to continue serving the Vietnamese communists in waging war to kill our nation and people.

Officials Reported Killed in Siem Reap Attack

BK2701030994 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 26 Jan 94

[Excerpt] At 0800 on 25 January, the Vietnamese communist puppet ringleaders—including (Kieng Savantha) of the Vietnamese communist puppet General Staff; a number of generals serving as deputy commanders in the 4th Military Zone; the provincial chief and deputy chiefs; district chiefs; and many military officers at the rank of colonel, major, and captain—organized a meeting at a Siem Reap hotel. They were to announce their support for the three-point conditions of the puppets Hun Sen and Chea Sim and the Cambodian People's Party, and their rejection of the king father's five-point policy. They forced over 1,000 people from the market places and officials from various offices to attend the meeting.

After they had been speaking for about two minutes, three or four bombs exploded in the middle of the mass meeting, killing three officers at the rank of colonel and brigadier general, three provincial officials, two district officials, and six policemen. The others fled in great alarm. The lower part of (Kieng Savantha's) trousers was hit and torn by a bomb fragment. He fled in great alarm. The other military personnel and policemen also fled from the crowd.

The people there were frightened, but they felt very happy about this development. It showed that a number of people and parasoldiers [puok para] [troops of the Khmer People's National Liberation Front] arranged this attack against the Vietnamese communist puppets who have bullied, starved, and forced the people to fight and die for them. [passage omitted]

Germany To Assist in Telecommunications Sector

BK2501115094 Phnom Penh AKP in English 1000 GMT 25 Jan 94

[Text] Phnom Penh AKP January 25—Germany has agreed to grant Cambodia five millions Deutch Mark (some 3.1 million U.S. dollars) for development telecommunication's system in the remote areas throughout the country [sentence as received].

The 3.1 million fund was seen in a memorandum on aid from the German Government to Cambodia which [was] signed here on January 22.

(?According to) the aid-project, Germany will prepare telecommunication systems in the provinces of Battambang, Pursat, Kompong Chhnang and put into use all-UNTAC's [UN Transitional Authority in Cambodia] telecommunications networks throughout the Kingdom of Cambodia.

UNTAC had transferred 21 telecommunications stations with a total cost of 15,190,012 million U.S. dollars to Cambodia after its mission in the country.

Indonesia

Further Reportage on Visit by Bosnian President

ANTARA on Suharto-Izetbegovic Talks

BK2601131194 Jakarta ANTARA in English 0933 GMT 26 Jan 94

[Text] Jakarta, Jan 26 (ANTARA)—President Suharto and visiting Bosnian President Alija Izetbegovic agreed on Wednesday to explore the possibility of an international conference to solve ethnic tensions among the former Yugoslav states of Bosnia, Serbia, and Croatia.

"However, I have no idea about the composition of the planned international conference such as whether Indonesia will host it or not," Minister/State Secretary Murdiono said following the meeting between the two heads of state at Merdeka Palace here.

Both leaders also agreed to open diplomatic relations but no decision was made on whether embassies will be established in Jakarta and Sarajevo.

Arriving here on Tuesday, Izetbegovic will leave for India Wednesday to explain the latest situation in the embattled Bosnia.

Suharto, as chairman of the Non-Aligned Movement (NAM), has asked the Indonesian ambassador to the United Nations in New York to contact the NAM Coordinating Bureau there about the possibility of holding the conference, said Murdiono.

Izetbegovic called for an international conference to replace the Geneva talks which has so far failed to settle the crisis in Bosnia.

According to Murdiono, Suharto welcomed Izetbegovic's effort to try to lift the UN arms embargo on Bosnia who is less equipped than the more militarily powerful Serbia and Croatia.

"The president as NAM chairman will urge the world to treat Bosnia fairly in its fight against much stronger enemies," said Murdiono, adding that Suharto had expressed his support for the lifting of the embargo.

Over 200,000 Bosnian Muslims have been killed and millions more expelled since Serb and Croatian aggressors occupied Bosnia. About 70 percent of Bosnia is now in the hands of its enemies.

Izetbegovic said the ending of the embargo was necessary to balance the military strengths of all warring parties. A military balance is expected to help lead to peace. He also suggested an air strike on Serbia in a bid to pressure them into considering peace.

"A combination of force and negotiations is necessary to stop the war," he said, adding that all forms of talks so far had focussed on Bosnia relinquishing parts of its territory. "But we cannot accept unjust division of our country," the Bosnian president argued.

The UN Security Council mainly dominated by the United States, France, Britain, Russia, and China has issued 30 resolutions on the Bosnian war. However, none of them have been implemented except the arms embargo.

Commenting on the planned withdrawal of UN forces from Bosnia, Izetbegovic said it would create more difficulty in keeping peace.

"If Europe wants to pull out some of its troops, then the United Nations should allow other non-European countries to replace them," he added.

European officials recently reviewed the UN presence in Bosnia and UN sources in Sarajevo confirmed that plans to withdraw the peacekeepers and aid workers are underway.

Turkey and Iran have offered to send troops to help Bosnia Muslims but the United Nations refused the proposal without providing an explanation.

Before leaving Jakarta, the Bosnian delegation received U.S.\$70,000 worth of humanitarian aid from the Indonesian Solidarity Committee for Bosnian Muslims. Also included in the package were 450 grams of gold and

watches, and a cheque worth U.S. \$24,600 from the Irsyad al-Islamiyyah religious association.

Chairman of the Solidarity Committee Geys M. Amar explained that the gifts were spontaneous donations collected at mosques from Muslims all over the country.

Suharto Favors Bosnia Forum

BK2601101894 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 26 Jan 94

[Text] Indonesia will initiate an international conference on Bosnia-Herzegovina. Speaking to reporters after President Suharto and visiting Bosnian President Alija Izetbegovic held their talks at Jakarta's Merdeka Palace one and half hours ago, Minister-State Secretary Mardiono said both Bosnia and Indonesia, in its capacity as chairman of the Nonaligned Movement, stressed the need to hold an international conference on Bosnia-Herzegovina.

Editorials Support Bosnian Request for Forces

BK2701075594 Jakarta Radio Republik Indonesia Network in Indonesian 0600 GMT 27 Jan 94

["From the press review"]

[Text] The dailies ANGKATAN BERSENJATA and PELITA highlight the visit of Bosnian President Alija Izetbegovic to Indonesia in their respective editorials. The Bosnian president is asking members of the Non-aligned Movement (NAM), which is chaired by President Suharto, to send a peacekeeping force to Bosnia-Herzegovina to end the civil war in the Balkan nation. The Bosnian war is dragging on. Some 250,000 people have been killed, thousands more injured, and (?2 million) made refugees by the war.

Peace efforts undertaken by the United Nations, the European Community, and NATO have failed. The worrisome situation is partly due to the continued UN arms embargo on the nation. Serbian and Croatian forces continue their attacks in violation of the UN resolutions on the cease-fire.

The two dailies describe as normal and noteworthy the request of President Alija Izetbegovic for a peacekeeping force from Indonesia and the NAM in order to achieve peace in the former Yugoslav republic because former Yugoslavia is a NAM founding member. This will also strengthen efforts of Islamic Conference Organization members and the United States to have the arms embargo lifted and peace efforts by the United Nations, the European Community, and NATO.

PDI Opposed to 'Single Majority' System

BK2401124594 Jakarta THE JAKARTA POST in English 11 Jan 94 p 1

[Text] Jakarta (JP)—The Indonesian Democratic Party (PDI) has charged that the 'single majority' Indonesian political system can lead towards either a dictatorship or a tyranny of the majority.

The country's smallest party, in a political statement read by its chairperson Megawati Sukarnoputri at the commemoration of its 21st anniversary here last night, said a 'single majority' is not in line with the 1945 Constitution or the Guidelines of State Policy decreed by the People's Consultative Assembly last year.

"The Constitution says the state protects 'all Indonesians' based on the national unity for their good and welfare," the statement said, adding that the state must rise above the interests of individuals or groups in pursuing this goal.

"The system of deliberation leading to a consensus is the core of Pancasila democracy, while the 'single majority' clearly deviates from this spirit," it said.

"'Single majority' is also in opposition to the spirit of openness, cooperation, and ethics in politics," the statement said. It added that the system tends to discourage people from observing the Guidelines of State Policy.

"Democracy means that sovereignty comes from the people, for the people and is supervised by the people," it said while throwing doubts on the congruity between the system of single majority and democracy.

The PDI also urged government to avoid the unnecessary cost of development paid by the people in the second 25-year development program.

Laos

Border With Thailand Upgraded for Trade, Tourism

BK2701101994 Vientiane KPL in English 0803 GMT 27 Jan 94

[Text] Vientiane, January 27 (KPL)—The Savannakhet-Mukdahan border checkpoint on January 25 was declared the third international border checkpoint with the agreement of both Lao and Thai authorities. The declaration is to facilitate the visit of the Lao and Thai people as well as foreign visitors to a third country. The upgrading of this border checkpoint is hoped to facilitate tourism and trade through Laos between Thailand and Vietnam.

Since 1990, there are 80,000-100,000 in-coming and out-going passengers each year through the Savannakhet-Mukdahan border checkpoint.

On January 5, Savannakhet and Quang Tri Province opened their border checkpoint.

Until now, Laos has opened three such checkpoints with Thailand: Tha Deua-Nong Khai in Vientiane Prefecture and Nong Khai Province of Thailand, Houai Sai-Chiang Khong between the northern Laotian Province of Bokeo and Chiang Rai Province in northern Thailand, and Savannakhet-Mukdahan international border checkpoint.

Savannakhet is a province in the central part of the country and Mukdahan is a northeastern province of Thailand.

Thai Prisoners Reportedly Mistreated, Tortured

*BK2701005794 Bangkok BANGKOK POST in English
27 Jan 94 p 3*

[Text] Thais who have been caught illegally entering Laos are allegedly being mistreated and tortured at Pak Se prison in Champassak, Laos, and about one hundred have died, according to a former prisoner. One Thai who was released from the prison last week, Anonglak Kham-bunruang, 23, told reporters that Thais jailed there face cruelty and misery. They have lost contact with their families for a long time.

"It's hell. Some people have been crippled in their hands and legs. The Laotian officers treat us as if we were animals. We are waiting for the help of the Thai Government."

About one hundred Thais from Si Sa Ket, Bangkok, Ubon Ratchathani, and Chumphon are allegedly being held in Pak Se prison. The prison is a one-storey building with four rooms, each holding up to 60 Thai prisoners, he said, adding that many of them have been held for at least eight months without knowing when they will be released.

The only way they will be discharged is if relatives file a guarantee and post bail with Laotian authorities. Some will never get out unless the Government helps them because they have lost contact with their families.

Mr Anonglak accused the Laotians of chaining Thai prisoners by their feet to a rack two feet above the floor. They are also not allowed to talk. Those who violate rules are handcuffed by their hands and feet to a beam for three days he claimed.

Mr Anonglak said they were fed twice a day with sticky rice, salt, seasoning powder and chili, which is left over from the meals of Laotian prisoners.

Thai prisoners are held in contempt, he said. When one dies, their bodies are left in chains. Sometimes, Laotian officers put four bodies of Thai prisoners in a sack and trample on it, he claimed. He and four friends from Ban Woen Buk, Ubon Ratchathani Province, were arrested on January 2 while they were celebrating New Year's at the house of friends in Ban Don Ko, Tambon Sa Pai in Laos, which is opposite their village. He said he went to Laos at his friends' invitation.

For the trip to the police station in Ban Sa Pai, he and his friends were shackled by their hands and feet and had weapons pointed at their heads, he said.

After being transferred to Se Labam, they were starved for three days and forced to lie on the backs with their hands and feet chained to the bars of a cell. They were moved to Pak Se prison where more than 100 Thai prisoners were earlier detained, he said.

Mr Anonglak was released from prison after his relatives posted bail with Laotian officials on January 21.

SRV Provides Aid for Two Development Projects

*BK2701093794 Vientiane KPL in English 0755 GMT
27 Jan 94*

[Text] Vientiane, January 27 (KPL)—The Government of Vietnam has provided 575 million dong worth of aid to the Lao Government for two rural development projects at Km 49, Phonsoung, the Province of Vientiane, and at Km 20, the Province of Khammouane.

The aid was within the assistance programme of Vietnam to the two projects for 1993. This included big tractors, walking tractors, threshing machines, water pumps, veterinary tools, pesticide sprayers, artesian well equipment, and rice seeds.

The ceremony of handing over the package was held yesterday between the official responsible for rural development project supervision, Mr. Bouathong Phounsalit, and the economic counsellor to the Vietnamese Embassy to Laos, Mr. Nguyen Van Ty. Witnessing it was Deputy Minister of Agriculture and Forestry Sian Saphanthong.

This aid will be used into the activities of the two rural development projects. This year Vietnam will also continue to give assistance to the projects.

Total Investment Value Reported at \$585 Million

*BK2701032394 Vientiane Vitthayou Hengsat Radio
Network in Lao 1200 GMT 26 Jan 94*

[Text] According to Investment Management Committee statistics, the combined value of investments in the Lao People's Democratic Republic (LPDR) amounted to \$585 million by the end of 1993. The investments were made in a total of 421 [number as heard] projects. Out of this figure, \$493 million involved projects operated solely by foreign investors.

Regarding the current investment situation in the LPDR, there are 321 mini-projects, whose investments do not exceed \$1 million each. There are only 29 megaprojects, while 135 projects have investments of under \$5 million each.

The investments fall under the following three areas:

1. The service field comprises a total of 187 projects with investments of more than \$265 million.

2. The industrial field comprises a total of 159 projects with investments of more than \$217 million.

3. The agricultural field comprises a total of 75 projects with investments of \$103 million.

Philippines

Military To Buy Fighter Jets, Radar System

BK2501121094 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 25 Jan 94

[Text] The United States, Belgium, and France have offered to sell the Philippines secondhand fighter jets.

General Lisandro Abadia, Armed Forces of the Philippines chief of staff, earlier said that the military is planning to buy up to 24 high-performance fighter interceptors and a modern radar system. Abadia admitted that at present the country is not capable of defending the air against any external aggression.

According to Air Force Chief Major General Nicasio Rodriguez, the United States and Belgium have offered their secondhand F-16 fighter jets, while France is ready to sell the country its surplus Mirage jets. The Air Force also needs bigger helicopters for search and rescue missions.

Regarding counterinsurgency, Abadia said that because of the military's continued campaign, the number of New People's Army rebels has narrowed down to only 8,000.

MNLF, Government Forces Said To Clash in Basilan

BK2701041794 Manila THE MANILA CHRONICLE in English 25 Jan 94 pp 1, 6

[Text] At least seven policemen and soldiers were wounded in Basilan last Saturday [22 January] in a series of firefights with suspected members of the Moro National Liberation Front (MNLF), the most serious breach of the interim cease fire agreed on by the government and the rebel group.

Although there had been earlier reports of encounters since the truce pact was forged, all of them were attributed either to communist rebels, "Lost commands" of the MNLF or the Moro Islamic Liberation Front. But belated reports reaching Camp Aguinaldo yesterday named the MNLF, with whom the government is holding peace talks to end two decades of secessionist rebellion, as the group involved in the firefights.

The reports said the first firefight occurred around lunchtime Saturday when troopers from the 11th Marine Battalion Landing Team (MBLT), the 468th police Mobile Force Company and the police Special Action Force were ambushed by about 50 alleged MNLF rebels.

The soldiers and policemen were reportedly "moving towards Sitio [village district] Sapa Langay, Barangay [village] Cabengbeng, Sumisip," in Basilan when they were waylaid by the band.

A two-hour-long firefight ensued, resulting in the wounding of Pfc. (private first class) Felix Catedrilla. The attackers reportedly suffered an "undetermined" number of casualties.

The reports said the alleged rebels were led by Commanders Barahama Salih and Indasil Sahili.

Four hours later, the same group of soldiers, now already in Sitio Sapa Langay, were "harassed" by an "undetermined number of MNLF (rebels)" for about ten minutes.

Wounded in the attack was Police Inspector Deven Seriales who was evacuated via helicopter to the Armed Forces Southern Command hospital.

A little over an hour later, the government troopers, still occupying the same sitio, were again attacked, this time by "heavily armed MNLF (rebels)" for about 15 minutes.

Wounded were Marine Corporal Leonardo Cuevas, PO (petty officer) 3 Mutalib Hamnsiraji, PO3 Abdul Hadjack Radhi, PO3 Jesus Ramirez, and PO2 Eustaquio Ang. They were evacuated via patrol boat to the Isabela Hospital two hours after the gunbattle.

The 7 November interim cease fire agreement states that "the forces of both parties shall remain in their respective places and refrain from any provocative actions or any acts of hostilities."

Reporters tried but failed to contact MNLF spokesman Zain Jati, government chief negotiator Manuel Yan, and Southern Command officials.

Brigadier General Guillermo Ruiz, commander of the Marines in the South and co-chairman of joint cease fire committee, has said that "minor violations" on both sides had been reported, and that these would be addressed by the committee.

Under the proposed guidelines and ground rules of the cease fire agreement, the government and the MNLF will "mutually identify the location and unit commanders of their respective forces," which both sides agree will not be operated against by their forces.

The mere movement of government troops into MNLF held areas will constitute a violation. But the proposed guidelines have yet to be signed by either Yan or MNLF Chairman Nur Misuari, although the second draft has already been prepared and signed by Ruiz and MNLF co-chairman, Major General Abdul Sahrin.

Cease-Fire Guidelines Signed

BK2701055594 *Quezon City Radio Filipinas in English*
0230 GMT 27 Jan 94

[Text] MNLF [Moro National Liberation Front] Chairman Nur Misuari finally signs the proposed guidelines and ground rules for the implementation of the cease-fire agreement. The government chief negotiator Manuel Yan describes the signing of the document as an encouraging development for the peace process.

Under the guidelines of the cease-fire accord, the government and the MNLF must identify the location and unit commanders of the respective forces. It has been agreed that the forces of both sides shall remain in their respective places and refrain from any provocative action.

The cease-fire document will be sent to Jakarta for the signature of the OIC [ICO—Islamic Conference Organization] chairman, Ministerial Committee of Six. It will then go to Jeddah, where the OIC secretary general will sign the document.

Despite the cease-fire, however, government forces still have to cope with the presence of so-called MNLF "Lost Command" rebels. The other day, five police troopers were wounded in a series of clashes with renegade MNLF rebels in Basilan. The encounter occurred as DILG [Department of Interior and Local Government] Secretary Rafael Alunan III stressed that the operations in Basilan are purely police movements and not military offensives. The [word indistinct] military and police forces, Alunan says, are going after criminal elements engaged in piracy, murder, and kidnapping. The secretary also says the operations should not be viewed as a violation of the cease-fire agreement.

NDF 'Willing' To Resume Talks With Government

BK2701041394 *Manila PHILIPPINE DAILY INQUIRER in English* 24 Jan 94 p 7

[By Bobby Timonera]

[Text] The National Democratic Front [NDF] yesterday said it was willing to resume exploratory talks for peace with the government, but continued to press demands the government has described as "unreasonable."

"The (NDF) is willing to resume exploratory talks on the basis of firm adherence to The Hague Declaration," said a faxed statement signed by Connie Ledesma, executive director of the leftist group's international office in Utrecht, The Netherlands.

Ledesma said that NDF negotiator Luis Jalandoni wrote Ambassador Howard Dee, head of the government panel, stressing the need for preliminary talks before the conduct of exploratory talks "to adequately resolve" some issues.

The NDF office in Utrecht is demanding that the government rescind Executive Order [EO] 125 which the rebels said limits the scope of the talks to the confines of the Constitution.

The NDF also demanded that the government stop "coddling" breakaway communist leaders.

The NDF statement also said the "deadline" set by the government was "totally unacceptable" to the NDF. Dee earlier said that if nothing happens to the negotiations by the end of the first quarter, the government may start talking with the other factions in the communist movement.

Ledesma said that the NDF panel's position was based on a memorandum on the conduct of exploratory talks issued by NDF Chairman Manuel Romero, believed to be the alias used by rebel leader Antonio Zumel who, together with Satur Ocampo, represented the NDF in the failed 1986 talks.

In the memorandum, Romero reportedly warned the current NDF negotiators not to be tricked by the "objectionable" EO 125 which he said "delimits the... talks to the existing Philippine Constitution."

"(EO 125) must be withdrawn if the NDF is to proceed with the talks," Romero was quoted as saying.

Romero recalled that the same strategy was adopted by the Aquino administration in 1986, but the NDF panel "correctly rejected the proposition."

The NDF leadership, too, reminded Jalandoni that it should insist having equal say in all aspects of talks, including the choice of venue.

Communist Rebels Raid Tarlac Police Outpost

BK2701020994 *Manila THE MANILA CHRONICLE in English* 24 Jan 94 pp 1, 6

[By Frank Longid Jr.]

[Excerpt] Heavily armed communist rebels raided a police detachment in Tarlac Saturday morning, capturing several assault rifles and assorted firearms, according to reports reaching the National Police operations center. A policeman, Police Officer 3 Leody Ray Lumibao, and a militia man, Alfredo Lorenzo, were seriously wounded in the attack.

Political analysts considered the attack as significant since it was the first time that communist rebels mounted such an operation after their retreat to their mountain sanctuaries years ago. The communist-led New People's Army (NPA) was founded in Cepa, Tarlac, in March 1969 and it opted to use the Central Plains as a support base rather than a target for rebel attacks.

The reports said the rebels, numbering about 35, attacked the police detachment in Iba, San Jose, Tarlac, at about 7:45 A.M. At least four of the raiders were

believed wounded in the exchange of fire. The rebels raided the detachment using two passenger jeepneys commandeered in San Jose, Tarlac, the reports said. The drivers, Nicolas Apan and Pedro Balagtas, have been held for "tactical interrogation" at the Tarlac PNP [Philippine National Police] headquarters. Four M-14 assault rifles, one M-16, four M-1 Garand rifles and one carbine were taken by the rebels from the policemen.

The PNP's 181st Mobile Force Company (MFC) is pursuing the withdrawing rebels, while the 185th MFC has set up a blocking force at the Capas-San Jose and the San Jose-Mayantoc boundaries.

Earlier, defense and military officials said that the government can achieve "strategic victory" within this year, claiming that the military has already regained control over several barangays [villages] formerly controlled by the CPP [Communist Party of the Philippines]-NPA.

The communist movement has suffered major setbacks after the popular revolt against the Marcos regime. It is currently being wracked by a major internal crisis. [passage omitted on unrelated report on shooting of a policeman by unidentified men]

Tighter Security in Mindanao Amid Terror Fears

BK2701013394 Manila PHILIPPINE DAILY INQUIRER in English 23 Jan 94 p 16

[Text] Zamboanga City—Southern Command Chief Lt. Gen. Thelmo Cunanan has ordered his commanders to tighten security in all public places in Mindanao. Cunanan gave the order following information that the group of terrorists responsible for the blasts at the San Pedro Cathedral and two Muslim mosques in Davao City last month has transferred operations to other areas. The military and police were ordered to secure places like churches, markets and groceries, where there are crowds. He asked the public to bear with the inconvenience and discomfort of checkpoints and inspections.

Meanwhile, Cunanan said police operations will continue against criminal elements despite the cease fire with the Moro National Liberation Front.

"We will pursue these criminal elements wherever they are. We are already taking action against them," Cunanan said. He said the extremist Abu Sayaf is one of the groups hunted by the military and the police.

As this developed, former Sulu Representative Sakur Tan confirmed that the Abu Sayaf group has increased in number and are equipped with highpowered armament. Tan, the principal negotiator in the release Monday of shipyard owner Ricardo Tong after 139 days of captivity, said he witnessed the gathering up of the Abu Sayaf group when he had a talk with two of the group's leaders somewhere in Patikul, Sulu.

Roundup of Rebel Activities for 15-21 Jan

BK26010C4094

[Editorial Report] The following is a roundup of reports of Philippine rebel activities from Philippine media monitored by Bangkok Bureau between 15-21 January. Source information is given in parentheses at the end of each item.

15 January

No fileworthy items monitored.

16 January

Twenty-five members of the 'red heroes unit', a tribal group siding with the New People's Army, surrendered to military authorities in Agusan del Norte. They turned over two M-16 and nine Garand assault rifles and said that they can negotiate for the surrender of their remaining 200 fully-armed comrades. The leader of the surrenderees urged the government to grant the demand of the tribal group to declare portions of the triboundary of Agusan Norte, Sur and Misamis Oriental as ancestral domain. (Manila MANILA BULLETIN in English 16 Jan 94 p 6)

17-19 January

No fileworthy items monitored.

20 January

Seven members of the New People's Army, headed by the chairman of the provincial party committee of the Franklin Arriola Command, surrendered to local government authorities in Ilocos Norte. They surrendered in order to start a new way of life and also because of their confidence in the government's sincerity in helping rebel returnees. (Manila PHILIPPINE DAILY INQUIRER in English 20 Jan 94 p 8)

21 January

No fileworthy items monitored.

Thailand

Foreign Minister Signs Visa Agreement in Brazil

BK2501134794 Bangkok Radio Thailand Network in Thai 1200 GMT 25 Jan 94

[Text] The Foreign Ministry has reported on Foreign Minister Squadron Leader Prasong Sunsiri's official visit to Brazil on 24 January as guest of the Brazilian foreign minister. According to the report, both sides agreed to expand bilateral relations, particularly in the fields of trade, investment, and tourism, and to broaden economic cooperation by setting up a commercial center in Sao Paulo.

On bilateral cooperation, Thailand and Brazil will continue cooperation in the framework of the United Nations, the GATT, and the Cairns Group. They will

expand cooperation between the economic organizations in their regions, such as between the Rio Group and ASEAN.

The Thai and Brazilian foreign ministers signed the agreement on visa exemption for holders of diplomatic and official passports. They also discussed the desire and ways for both sides to further strengthen bilateral relations and cooperation.

Deputy Foreign Minister on Malaysian Relations
BK2601135894 Bangkok Radio Thailand Network in Thai 1200 GMT 26 Jan 94

[Text] Deputy Foreign Minister Surin Phitsuwan spoke with newsmen after returning from an official visit to Malaysia. He said there were discussions about turning ASEAN into a center for cooperation with organizations in other regions. A meeting on this will be held in Bangkok from 3 to 4 February. According to Surin, Malaysia concurred that ASEAN should take the lead in developing capital for the gas and oil sector and spread this capital to other regions, particularly to Indian ocean countries.

Surin said there has been considerable progress in Thai-Malaysian relations, including in the economic triangle project. Regarding the private sector's proposal to open the Thai-Malaysian border around the clock, Surin said Malaysia is interested in the proposal and is considering it. The question is whether the Thai side, particularly the Thai Government sector, is ready and whether there are enough goods to pass the border to justify a 24-hour opening.

Surin said APEC was also discussed with Malaysian officials. An APEC meeting will be held in Jakarta in May.

Copyright Violation Rate Declines 'Dramatically'
BK2601011194 Bangkok BANGKOK POST in English 26 Jan 94 p 19

[Text] In a move related to the crackdown on pirated audio and video tapes and compact discs, private and public sector organisations are to compile a report on production costs for use in checking on possible overpricing. Three private organisations and two departments of the Commerce Ministry are to make the calculations, so that the ministry can ensure that legitimate tapes and discs are not overpriced. The application of anti-monopoly and price-fixing powers to tapes and discs was introduced after the current crackdown on piracy was launched last April.

The government has described their use as a means of preventing the exploitation of copyright protection as well as giving officials a greater ability to track down whether products currently sold are legitimate or not. By making tapes and discs controlled products, officials have more power to monitor production and trade.

Speaking after a meeting on Monday on intellectual property violations, Deputy Commerce Minister Churin Laksanawisit said the crackdown has been effective, with only a small amount of piracy remaining.

He said the International Federation of Phonographic Industries (IFPI), the Record Association of Thailand, the Traders' Association of tapes and video tapes, the Internal Trade Department and the Commercial Registration Department were asked to jointly assess the production costs of music tapes, compact discs and video tapes.

The outcome of the evaluation which would be reported to the meeting body at the next session, would serve as a basis for determining the fairest and most suitable prices of these products for local sale, he said.

"After the Government has applied serious suppressive measures against rights violations, it was reported that the prices of music tapes, compact discs and video tapes in Bangkok have not moved up much, according to a recent price survey conducted by the Internal Trade Department in both Bangkok and other provinces," the deputy minister said.

"At some places which were notorious sources for the convenient purchase of pirated products, such as along Khao San Road in Banglamphu, the rate of violations has been reported to have dropped dramatically by half. The Record Association of Thailand claimed the rate has fallen by as much as 70 percent in these places," he said.

"Despite the discrepancy, these figures reveal the same satisfactory trend—a declining rate of violations."

In view of the prices of these products in the other 47 provinces nationwide, it was found that the prices of music tapes had not changed much. However, video tapes sold in Chiang Mai and Phitsanulok have moved up to 350 baht from 270 baht apiece while rental rates of the products have risen by 12-15 baht each.

In Lamphun the prices of music tapes have increased from 80 to 85 baht each, while in Songkhla tape prices have risen from 60-80 baht to 85 baht apiece.

These prices, however, cannot serve as a median for the fairest of prices. Therefore, the three private associations are requested to report the actual production costs for further consideration by the Commerce Ministry.

"Should it turn out that the margins are unreasonably high, regulatory measures will be imposed. Such requirements may include clear marking of prices, special authorisation in the case of price-raising, or controlling retail prices altogether," Mr Churin added.

During the first half of this month the Intellectual Property Department, in cooperation with the Police Department, has investigated 62 cases of piracy and sent them for trial with 14,233 pieces of products confiscated.

As for the suppressive measures targeted at mail order sales of the products, the Communications Authority of Thailand has cooperated very well. A special decoy unit to detect shops selling pirated products has also been in operation.

Vietnam

U.S. Senators Urge Lifting of Trade Embargo

BK2701153394 Hanoi Voice of Vietnam Network in Vietnamese 1430 GMT 27 Jan 94

[Text] On 25 January, a day before the debate at the U.S. Senate on the lifting of the trade embargo against Vietnam, former U.S. war veterans, who are now Senate members, called for the support of a resolution demanding the lifting of the trade embargo to help solve the fate of more than 2,000 American missing in Southeast Asia.

Democratic Senator Kerry of Massachusetts, Republic Senator McCain of Arizona, and Democratic Senator Pressler of South Dakota stressed that the Vietnamese Government is cooperating to the best of its ability with the United States in locating American remains in rural areas, examining archives, and creating favorable conditions for the U.S. side to interview Vietnamese war veterans on what happened to American soldiers missing in Vietnam, Cambodia, and Laos. They said the United States is in danger of losing this great cooperation unless it lifts the trade embargo against Vietnam.

Senator Kerry said we have reached an agreement with Vietnam. If they help us with their documents, contacts, and excavations, then we must reciprocate. In another interview on 25 January, he also stressed that it is about time to totally lift the trade embargo.

Meanwhile, according to THE WALL STREET JOURNAL, U.S. Government officials on 26 January said that based on the progress reached, high-level advisers of President Clinton have suggested that the trade embargo be lifted.

Radio Praises John Kerry's Call To Lift Embargo

BK2701112794 Hanoi Voice of Vietnam in English 1000 GMT 27 Jan 94

[Station commentary]

[Text] U.S. Senator John Kerry says it is time for the United States to lift its trade embargo against Vietnam. This is our radio editor's editorial:

Senator John Kerry has many times visited Vietnam and excavation sites to settle problems relating to POW-MIA or the missing-in-action issue. He has met with leaders of the Vietnamese party and Government as well as ordinary Vietnamese citizens. More than anyone else, he understands and correctly assesses the Vietnamese people and country. After his recent visit to Vietnam, he

declared in Washington on 25 January that it is time we lifted the trade embargo because it is no longer against Vietnam—thus against us [sentence as heard].

The selection committee on POW/MIA issue of the U.S. Senate headed by Senator Kerry drew the conclusion after one year of investigation that there was no evidence of American prisoners-of-war living in detention camps in Vietnam. He also said 123 of 196 discrepancy cases had been solved. So, the four preconditions for lifting the trade embargo put forth by the U.S. President have been satisfied. So there is no reason for the continued U.S. embargo.

Senator Kerry said he would submit a report on his latest field study in Vietnam and raise that issue with President Bill Clinton. He also said that besides cooperating with the United States on the MIA issue, Vietnam was expanding its economic relations with other foreign countries. That is why the United States might lose the opportunity for doing business with Vietnam. Senator Kerry's viewpoint is shared by many politicians, scholars, and businessmen in the United States and other countries who have come to Vietnam.

NHAN DAN Halls Success of Party Conference

BK2601114394 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 25 Jan 94

[Text] In today's issue, NHAN DAN carries an editorial entitled: Lead the Country to a New Development Stage Step by Step to welcome the success of the Midterm National Party Conference. The editorial reads in part:

We still have to overcome many weaknesses and shortcomings. Nonetheless, those important achievements have created new opportunities and premises for us to gradually lead the country to a new development stage and accelerate the national industrialization and modernization program a step further. Our country is facing great challenges, namely, the danger of left farther behind economically compared with many countries in the region and other parts of the world, the danger of deviating from the socialist path in case we fail to overcome irregularities in direction for implementation, the very serious development of corruption and bureaucracy, and the hostile forces' peaceful evolution strategy and maneuvers. We have great opportunities but also face great challenges.

In reflecting the will of the entire party, the conference maintained that we have the possibility and determination to grasp opportunities and overcome challenges. It maintained that we are resolved to motivate the entire party, people, and army to display single-mindedness, make outstanding efforts, heighten the spirit of independence and self-sufficiency and self-help, broaden international cooperation, practice frugality, instill honesty, uphold righteousness, make every effort to exploit advantages, eliminate dangers, overcome challenges, and successfully materialize the general goals set by the Seventh Party Congress. The conference is also resolved

to accelerate the implementation of the objectives of the socioeconomic stabilization and development strategy for the period till the year 2000, and to strive to turn into reality the goals of making the people rich and the country powerful and to bring about justice and civilization in society.

The conference stressed the need to effect economic restructuring to serve the industrialization and modernization goals. From now until the end of the decade, let us pay special attention to the industrialization and modernization program to benefit agriculture and the rural economy. As the conference put it, this program is part of the key tasks for the days ahead. This is the way for our country to overcome the danger of being left farther behind compared with the neighboring countries, to maintain political stability and social order, safeguard national independence and sovereignty, and persist in the socialist path.

To this end, we must adopt uniform measures to carry out the multisectorial economic development policy and create even more favorable conditions for the different economic sectors and business establishments to develop quickly and achieve high results. It is necessary to form a uniform market mechanism under state management that is in accordance with socialist orientations. It is important to pay due attention to social and cultural issues as well as consolidate national defense and security capabilities. Continued efforts must be made to broaden diplomatic relations and build a law-governed Vietnamese state which belongs to, comes from, and works for the people so as to make the country advance quickly and firmly under all circumstances.

Speaking at the Midterm National Party Conference, Comrade General Secretary Do Muoi said: Lying ahead of us is a new era full of bright prospects, great challenges that we must be resolved to overcome, and favorable opportunities that we must exploit to the full extent.

To seize opportunities and overcome ordeals, our party must upgrade itself in proportion to its tasks. It must be renovated and rectified. Ties between the party and the people must be consolidated. We must ensure political and ideological unity within the party, that party cadres and members are thoroughly aware of party concepts

and policy lines, that they improve their knowledge and persist on their path toward socialism, and that all party organizations and every party cadre and member can creatively apply and develop Marxism-Leninism, Ho Chi Minh thought, and the best contemporary ideas, and sensitively acquire new things and correctly deal with issues that arise.

We must strengthen the unity bloc within the party, apply various organizational principles to party activities, especially the principle of democratic centralism, build the party into a steadfast bloc, and be more mindful of consolidating and strengthening grass-roots party organizations and consolidating the close relations between the party and the people.

We must strive to study to improve our knowledge and build our revolutionary ethics and a wholesome lifestyle. These are the most important things in party building. Party cadres and members must constantly improve their knowledge and their actual organizational abilities, associate themselves closely with the people, scrupulously comply with party resolutions and directives and state laws, exemplarily carry out the motto of industry, thrift, integrity, and righteousness, and resolve to fight wasteful spending, corruption, and illegal dealings. As an immediate task, they must successfully carry out the resolution of the midterm national party conference and must take the lead in guiding the entire society in achieving the general goals set forth by the seventh party congress for the period until 1995. This means overcoming difficulties and ordeals, stabilizing and developing socioeconomic activities, enhancing political stability, dispelling negativism and social injustices, and basically tiding the country over the crisis in the advance toward building a prosperous people, a powerful country, and an equal and civilized society.

Correction to List of Central Committee Members BK2501122594

The following correction pertains to the item subheaded "Conference Closes 25 Jan" published in the 25 January East Asia DAILY REPORT, on page 71:

Page 71, column two, third paragraph, make the third name read:

3. Comrade So Lay Tang (instead of Phan Huy Tam)

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